

103^D CONGRESS
2^D SESSION

H. R. 4067

To amend section 203 of the Housing and Community Development Amendments of 1978 to provide for the disposition of multifamily properties owned by the Secretary of Housing and Urban Development, to provide for other reforms in programs administered by the Secretary, and to make certain technical amendments, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 1994

Mr. GONZALEZ introduced the following bill; which was referred to the
Committee on Banking, Finance and Urban Affairs

A BILL

To amend section 203 of the Housing and Community Development Amendments of 1978 to provide for the disposition of multifamily properties owned by the Secretary of Housing and Urban Development, to provide for other reforms in programs administered by the Secretary, and to make certain technical amendments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Multifamily Property Disposition Reform Act of 1994”.

1 (b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

TITLE I—MULTIFAMILY PROPERTY DISPOSITION REFORM

- Sec. 101. Multifamily property disposition.
- Sec. 102. Use of emergency assistance funds for residency in multifamily housing disposition projects.
- Sec. 103. Repeal of State agency multifamily property disposition demonstration.
- Sec. 104. Preventing mortgage defaults on multifamily housing projects.
- Sec. 105. Interest rates on assigned mortgages.
- Sec. 106. Authorization of appropriations.

TITLE II—OTHER PROGRAM REFORMS

Subtitle A—HOME Investment Partnerships Program

- Sec. 201. Participation by State agencies or instrumentalities.
- Sec. 203. Simplification of program-wide income targeting for rental housing.
- Sec. 204. Homeownership units.
- Sec. 205. Simplification of matching requirements.
- Sec. 206. Repeal of separate audit requirement.
- Sec. 207. Environmental review requirements.
- Sec. 208. Use of CDBG funds for HOME program expenses.
- Sec. 209. Flexibility of HOME program for disaster areas.
- Sec. 210. Applicability and regulations.

Subtitle B—HOPE Homeownership Program

- Sec. 221. Matching requirement under HOPE for homeownership of single family homes program.

Subtitle C—Community Development Block Grants

- Sec. 231. Section 108 eligible activities.
- Sec. 232. Guarantee of obligations backed by section 108 loans.
- Sec. 233. Flexibility of CDBG program for disaster areas.

TITLE III—TECHNICAL AMENDMENTS

- Sec. 301. Definition of “families”.
- Sec. 302. Elimination of requirement to identify CIAP replacement needs.
- Sec. 303. Project-based accounting.
- Sec. 304. Operating subsidy adjustments for anticipated fraud recoveries.
- Sec. 305. Environmental review provisions.
- Sec. 306. Contract renewal for section 23 conversion projects.
- Sec. 307. Correction of FHA multifamily mortgage limits.
- Sec. 308. Amendments to FHA multifamily risk-sharing and housing finance agency pilot programs.
- Sec. 309. Subsidy layering review.

1 **TITLE I—MULTIFAMILY PROP-**
2 **ERTY DISPOSITION REFORM**

3 **SEC. 101. MULTIFAMILY PROPERTY DISPOSITION.**

4 (a) FINDINGS.—The Congress finds that—

5 (1) the portfolio of multifamily housing project
6 mortgages insured by the FHA is severely troubled
7 and at risk of default, requiring the Secretary to in-
8 crease loss reserves from \$5,500,000,000 in 1991 to
9 \$11,900,000,000 in 1992 to cover estimated future
10 losses;

11 (2) the inventory of multifamily housing
12 projects owned by the Secretary has more than
13 quadrupled since 1989, and, by the end of 1994,
14 may exceed 69,000 units;

15 (3) the cost to the Federal Government of own-
16 ing and maintaining multifamily housing projects es-
17 calated to \$288,000,000 in fiscal year 1993;

18 (4) the inventory of multifamily housing
19 projects subject to mortgages held by the Secretary
20 has increased dramatically, to more than 2,400
21 mortgages, and approximately half of these mort-
22 gages, with approximately 219,000 units, are delin-
23 quent;

24 (5) the inventory of insured and formerly in-
25 sured multifamily housing projects is deteriorating,

1 potentially endangering tenants and neighborhoods;
2 and

3 (6) the current statutory framework governing
4 the disposition of multifamily housing projects effec-
5 tively impedes the Government's ability to dispose of
6 properties, protect tenants, and ensure that projects
7 are maintained over time.

8 (b) MANAGEMENT AND DISPOSITION OF MULTIFAM-
9 ILY HOUSING PROJECTS.—Section 203 of the Housing
10 and Community Development Amendments of 1978 (12
11 U.S.C. 1701z–11) is amended to read as follows:

12 **“SEC. 203. MANAGEMENT AND DISPOSITION OF MULTIFAM-**
13 **ILY HOUSING PROJECTS.**

14 “(a) GOALS.—The Secretary of Housing and Urban
15 Development shall manage or dispose of multifamily hous-
16 ing projects that are owned by the Secretary or that are
17 subject to a mortgage held by the Secretary in a manner
18 that—

19 “(1) is consistent with the National Housing
20 Act and this section;

21 “(2) will protect the financial interests of the
22 Federal Government; and

23 “(3) will, in the least costly fashion among rea-
24 sonable available alternatives, address the goals of—

1 “(A) preserving certain housing so that it
2 can remain available to and affordable by low-
3 income persons;

4 “(B) preserving and revitalizing residential
5 neighborhoods;

6 “(C) maintaining existing housing stock in
7 a decent, safe, and sanitary condition;

8 “(D) minimizing the involuntary displace-
9 ment of tenants;

10 “(E) maintaining housing for the purpose
11 of providing rental housing, cooperative hous-
12 ing, and homeownership opportunities for low-
13 income persons;

14 “(F) minimizing the need to demolish mul-
15 tifamily housing projects;

16 “(G) supporting local fair housing strate-
17 gies; and

18 “(H) disposing of such projects in a man-
19 ner consistent with local housing market condi-
20 tions.

21 The Secretary, in determining the manner in which a
22 project is to be managed or disposed of, may balance com-
23 peting goals relating to individual projects in a manner
24 that will further the purposes of this section.

25 “(b) DEFINITIONS.—For purposes of this section:

1 “(1) MULTIFAMILY HOUSING PROJECT.—The
2 term ‘multifamily housing project’ means any multi-
3 family rental housing project which is, or prior to
4 acquisition by the Secretary was, assisted or insured
5 under the National Housing Act, or was subject to
6 a loan under section 202 of the Housing Act of
7 1959.

8 “(2) SUBSIDIZED PROJECT.—The term ‘sub-
9 sidized project’ means a multifamily housing project
10 that, immediately prior to the assignment of the
11 mortgage on such project to, or the acquisition of
12 such mortgage by, the Secretary, was receiving any
13 of the following types of assistance:

14 “(A) Below market interest rate mortgage
15 insurance under the proviso of section
16 221(d)(5) of the National Housing Act.

17 “(B) Interest reduction payments made in
18 connection with mortgages insured under sec-
19 tion 236 of the National Housing Act.

20 “(C) Direct loans made under section 202
21 of the Housing Act of 1959.

22 “(D) Assistance in the form of—

23 “(i) rent supplement payments under
24 section 101 of the Housing and Urban De-
25 velopment Act of 1965,

1 “(ii) additional assistance payments
2 under section 236(f)(2) of the National
3 Housing Act,

4 “(iii) housing assistance payments
5 made under section 23 of the United
6 States Housing Act of 1937 (as in effect
7 before January 1, 1975), or

8 “(iv) housing assistance payments
9 made under section 8 of the United States
10 Housing Act of 1937 (excluding payments
11 made for tenant-based assistance under
12 section 8),

13 if (except for purposes of section 183(c) of the
14 Housing and Community Development Act of
15 1987) such assistance payments are made to
16 more than 50 percent of the units in the
17 project.

18 “(3) FORMERLY SUBSIDIZED PROJECT.—The
19 term ‘formerly subsidized project’ means a multi-
20 family housing project owned by the Secretary that
21 was a subsidized project immediately prior to its
22 acquisition by the Secretary.

23 “(4) UNSUBSIDIZED PROJECT.—The term
24 ‘unsubsidized project’ means a multifamily housing

1 project owned by the Secretary that is not a sub-
2 sidized project or a formerly subsidized project.

3 “(5) AFFORDABLE.—A unit shall be considered
4 affordable if—

5 “(A) for units occupied—

6 “(i) by very low-income families, the
7 rent does not exceed 30 percent of 50 per-
8 cent of the area median income, as deter-
9 mined by the Secretary, with adjustments
10 for smaller and larger families; and

11 “(ii) by low-income families other
12 than very low-income families, the rent
13 does not exceed 30 percent of 80 percent
14 of the area median income, as determined
15 by the Secretary, with adjustments for
16 smaller and larger families; or

17 “(B) the unit, or the family residing in the
18 unit, is receiving assistance under section 8 of
19 the United States Housing Act of 1937.

20 “(6) LOW-INCOME FAMILIES AND VERY LOW-IN-
21 COME FAMILIES.—The terms ‘low-income families’
22 and ‘very low-income families’ shall have the mean-
23 ings given the terms in section 3(b) of the United
24 States Housing Act of 1937.

1 “(7) PREEXISTING TENANT.—The term ‘pre-
2 existing tenant’ means, with respect to a multifamily
3 housing project acquired pursuant to this section by
4 a purchaser other than the Secretary at foreclosure
5 or after sale by the Secretary, a family that resides
6 in a unit in the project immediately before the acqui-
7 sition of the project by the purchaser.

8 “(8) MARKET AREA.—The term ‘market area’
9 means a market area determined by the Secretary.

10 “(9) SECRETARY.—The term ‘Secretary’ means
11 the Secretary of Housing and Urban Development.

12 “(c) DISPOSITION OF PROPERTY.—

13 “(1) DISPOSITION TO PURCHASERS.—The Sec-
14 retary may, in carrying out this section, dispose of
15 a multifamily housing project owned by the Sec-
16 retary on a negotiated, competitive bid, or other
17 basis, on such terms as the Secretary deems appro-
18 priate considering the low-income character of the
19 project and consistent with the goals in subsection
20 (a), only to a purchaser determined by the Secretary
21 to be capable of—

22 “(A) satisfying the conditions of the dis-
23 position plan developed under paragraph (2) for
24 the project;

1 “(B) implementing a sound financial and
2 physical management program that is designed
3 to enable the project to meet anticipated oper-
4 ating and repair expenses to ensure that the
5 project will remain in decent, safe, and sanitary
6 condition in compliance with any standards
7 under applicable State or local laws, rules, ordi-
8 nances, or regulations relating to the physical
9 condition of the housing and any such stand-
10 ards established by the Secretary;

11 “(C) responding to the needs of the ten-
12 ants and working cooperatively with tenant or-
13 ganizations;

14 “(D) providing adequate organizational,
15 staff, and financial resources to the project; and

16 “(E) meeting such other requirements as
17 the Secretary may determine.

18 “(2) DISPOSITION PLAN.—

19 “(A) IN GENERAL.—Prior to the sale of a
20 multifamily housing project that is owned by
21 the Secretary, the Secretary shall develop an
22 initial disposition plan for the project that
23 specifies the minimum terms and conditions of
24 the Secretary for disposition of the project, the
25 initial sales price that is acceptable to the Sec-

1 retary, and the assistance that the Secretary
2 plans to make available to a prospective pur-
3 chaser in accordance with this section.

4 “(B) MARKET-WIDE PLANS.—In develop-
5 ing the initial disposition plan under this sub-
6 section for a multifamily housing project lo-
7 cated in a market area in which is located at
8 least 1 other multifamily housing project owned
9 by the Secretary, the Secretary shall coordinate
10 the disposition of all such multifamily housing
11 projects located within the same market area to
12 the extent and in such manner as the Secretary
13 determines appropriate to carry out the goals
14 under subsection (a).

15 “(C) SALES PRICE.—The initial sales price
16 shall be reasonably related to the intended use
17 of the property after sale, any rehabilitation re-
18 quirements for the project, the rents for units
19 in the project that can be supported by the
20 market, the amount of rental assistance avail-
21 able for the project under section 8 of the Unit-
22 ed States Housing Act of 1937, and the occu-
23 pancy profile of the project (including family
24 size and income levels for tenant families).

1 “(D) COMMUNITY AND TENANT INPUT.—

2 In carrying out this section, the Secretary shall
3 develop procedures—

4 “(i) to obtain appropriate and timely
5 input into disposition plans from officials
6 of the unit of general local government af-
7 fected, the community in which the project
8 is situated, and the tenants of the project;
9 and

10 “(ii) to facilitate, where feasible and
11 appropriate, the sale of multifamily hous-
12 ing projects to existing tenant organiza-
13 tions with demonstrated capacity, to public
14 or nonprofit entities that represent or are
15 affiliated with existing tenant organiza-
16 tions, or to other public or nonprofit enti-
17 ties.

18 “(E) TECHNICAL ASSISTANCE.—To carry
19 out the procedures developed under subpara-
20 graph (D), the Secretary may provide technical
21 assistance, directly or indirectly, and may use
22 amounts available for technical assistance under
23 the Emergency Low Income Housing Preserva-
24 tion Act of 1987, subtitle C of the Low-Income
25 Housing Preservation and Resident Home-

1 ownership Act of 1990, subtitle B of title IV of
2 the Cranston-Gonzalez National Affordable
3 Housing Act, or this section, for the provision
4 of technical assistance under this paragraph.
5 Recipients of technical assistance funding under
6 the provisions referred to in this paragraph
7 shall be permitted to provide technical assist-
8 ance to the extent of such funding under any of
9 such provisions or under this paragraph, not-
10 withstanding the source of the funding.

11 “(3) FORECLOSURE SALE.—In carrying out this
12 section, the Secretary shall—

13 “(A) prior to foreclosing on any multifam-
14 ily housing project held by the Secretary, notify
15 both the unit of general local government in
16 which the property is located and the tenants of
17 the property of the proposed foreclosure sale;
18 and

19 “(B) dispose of a multifamily housing
20 project through a foreclosure sale only to a pur-
21 chaser that the Secretary determines is capable
22 of implementing a sound financial and physical
23 management program that is designed to enable
24 the project to meet anticipated operating and
25 repair expenses to ensure that the project will

1 remain in decent, safe, and sanitary condition
2 in compliance with any standards under appli-
3 cable State or local laws, rules, ordinances, or
4 regulations relating to the physical condition of
5 the housing and any such standards established
6 by the Secretary;.

7 “(d) MANAGEMENT AND MAINTENANCE OF PROP-
8 ERTIES.—

9 “(1) CONTRACTING FOR MANAGEMENT SERV-
10 ICES.—The Secretary may, in carrying out this sec-
11 tion—

12 “(A) contract for management services for
13 a multifamily housing project that is owned by
14 the Secretary (or for which the Secretary is
15 mortgagee in possession) with for-profit and
16 nonprofit organizations and public agencies (in-
17 cluding public housing authorities) on a nego-
18 tiated, competitive bid, or other basis at a price
19 determined by the Secretary to be reasonable,
20 with a manager the Secretary has determined is
21 capable of—

22 “(i) implementing a sound financial
23 and physical management program that is
24 designed to enable the project to meet an-
25 ticipated operating and maintenance ex-

1 penses to ensure that the project will re-
2 main in decent, safe, and sanitary condi-
3 tion in compliance with any standards
4 under applicable State or local laws, rules,
5 ordinances, or regulations relating to the
6 physical condition of the housing and any
7 such standards established by the Sec-
8 retary;

9 “(ii) responding to the needs of the
10 tenants and working cooperatively with
11 tenant organizations;

12 “(iii) providing adequate organiza-
13 tional, staff, and other resources to imple-
14 ment a management program determined
15 by the Secretary; and

16 “(iv) meeting such other requirements
17 as the Secretary may determine; and

18 “(B) require the owner of a multifamily
19 housing project that is subject to a mortgage
20 held by the Secretary to contract for manage-
21 ment services for the project in the manner de-
22 scribed in subparagraph (A).

23 “(2) MAINTENANCE OF PROJECTS OWNED BY
24 THE SECRETARY.—In the case of multifamily hous-
25 ing projects that are owned by the Secretary (or for

1 which the Secretary is mortgagee in possession), the
2 Secretary shall—

3 “(A) to the greatest extent possible, main-
4 tain all such occupied projects in a decent, safe,
5 and sanitary condition in compliance with any
6 standards under applicable State or local laws,
7 rules, ordinances, or regulations relating to the
8 physical condition of the housing and any such
9 standards established by the Secretary;

10 “(B) to the greatest extent possible, main-
11 tain full occupancy in all such projects; and

12 “(C) maintain all such projects for pur-
13 poses of providing rental or cooperative hous-
14 ing.

15 “(3) PROJECTS SUBJECT TO A MORTGAGE
16 HELD BY SECRETARY.—In the case of any multifam-
17 ily housing project that is subject to a mortgage held
18 by the Secretary, the Secretary shall require the
19 owner of the project to carry out the requirements
20 of paragraph (2).

21 “(e) REQUIRED ASSISTANCE.—In disposing of any
22 multifamily housing property under this section, the Sec-
23 retary shall take, separately or in combination with actions
24 under subsection (f), one or more of the following actions:

1 “(1) CONTRACT WITH OWNER FOR PROJECT-
2 BASED ASSISTANCE.—In the case of multifamily
3 housing projects that are acquired by a purchaser
4 other than the Secretary at foreclosure or after sale
5 by the Secretary, the Secretary may enter into con-
6 tracts under section 8 of the United States Housing
7 Act of 1937 (to the extent budget authority is avail-
8 able) with owners of the projects, subject to the
9 following requirements:

10 “(A) SUBSIDIZED OR FORMERLY SUB-
11 SIDIZED PROJECTS RECEIVING MORTGAGE-RE-
12 LATED ASSISTANCE.—In the case of a sub-
13 sidized or formerly subsidized project referred
14 to in subparagraphs (A) through (C) of sub-
15 section (b)(2)—

16 “(i) the contract shall be sufficient to
17 assist at least all units covered by an as-
18 sistance contract under any of the authori-
19 ties referred to in subsection (b)(2)(D) be-
20 fore acquisition or foreclosure, unless the
21 Secretary acts pursuant to the provisions
22 of subparagraph (C);

23 “(ii) the contract shall provide that,
24 when a vacancy occurs in any unit in the
25 project requiring project-based rental as-

1 sistance pursuant to this subparagraph
2 that is occupied by a family who is not eli-
3 gible for assistance under such section 8,
4 the owner shall lease the available unit to
5 a family eligible for assistance under such
6 section 8; and

7 “(iii) the Secretary shall take actions
8 to ensure that any unit in any such project
9 that does not otherwise receive project-
10 based assistance under this subparagraph
11 remains available and affordable for the re-
12 maining useful life of the project, as de-
13 fined by the Secretary; to carry out this
14 clause, the Secretary may require pur-
15 chasers to establish use or rent restrictions
16 maintaining the affordability of such units.

17 “(B) SUBSIDIZED OR FORMERLY SUB-
18 SIDIZED PROJECTS RECEIVING RENTAL ASSIST-
19 ANCE.—In the case of a subsidized or formerly
20 subsidized project referred to in subsection
21 (b)(2)(D) that is not subject to subparagraph
22 (A)—

23 “(i) the contract shall be sufficient to
24 assist at least all units in the project that
25 are covered, or were covered immediately

1 before foreclosure on or acquisition of the
2 project by the Secretary, by an assistance
3 contract under any of the provisions re-
4 ferred to in such subsection, unless the
5 Secretary acts pursuant to provisions of
6 subparagraph (C); and

7 “(ii) the contract shall provide that,
8 when a vacancy occurs in any unit in the
9 project requiring project-based rental as-
10 sistance pursuant to this subparagraph
11 that is occupied by a family who is not eli-
12 gible for assistance under such section 8,
13 the owner shall lease the available unit to
14 a family eligible for assistance under such
15 section 8.

16 “(C) EXCEPTIONS.—

17 “(i) AUTHORITY.—In lieu of providing
18 project-based assistance under subpara-
19 graph (A)(i) or (B)(i) for a project, the
20 Secretary may, for certain units in
21 unsubsidized projects located within the
22 same market area as the project otherwise
23 required to be assisted with such project-
24 based assistance—

1 “(I) require use restrictions pro-
2 viding that such units shall be avail-
3 able to and affordable by very low-in-
4 come families for the remaining useful
5 life of the project (as defined by the
6 Secretary), or

7 “(II) provide project-based assist-
8 ance for units occupied by only very
9 low-income persons,

10 but only if the requirements under clause
11 (ii) are met.

12 “(ii) REQUIREMENTS.—The require-
13 ments under this clause are that—

14 “(I) upon the disposition of the
15 project otherwise required to be as-
16 sisted with project based assistance
17 under subparagraph (A)(i) or (B)(i),
18 low-income families residing in units
19 otherwise required to be assisted with
20 such project-based assistance shall be
21 provided tenant-based assistance
22 under section 8 of the United States
23 Housing Act of 1937; and

24 “(II) the number of units subject
25 to use restrictions or provided assist-

1 ance under clause (i) shall be at least
2 equivalent to the number of units oth-
3 erwise required to be assisted with
4 project-based assistance under sub-
5 paragraph (A)(i) or (B)(i).

6 “(D) UNSUBSIDIZED PROJECTS.—Notwith-
7 standing actions taken pursuant to subpara-
8 graph (C), in the case of unsubsidized projects,
9 the contract shall be sufficient to provide—

10 “(i) project-based rental assistance for
11 all units that are covered, or were covered
12 immediately before foreclosure or acquisi-
13 tion, by an assistance contract under—

14 “(I) the new construction and
15 substantial rehabilitation program
16 under section 8(b)(2) of the United
17 States Housing Act of 1937 (as in ef-
18 fect before October 1, 1983);

19 “(II) the property disposition
20 program under section 8(b) of such
21 Act;

22 “(III) the project-based certifi-
23 cate program under section 8 of such
24 Act;

1 “(IV) the moderate rehabilitation
2 program under section 8(e)(2) of such
3 Act;

4 “(V) section 23 of such Act (as
5 in effect before January 1, 1975);

6 “(VI) the rent supplement pro-
7 gram under section 101 of the Hous-
8 ing and Urban Development Act of
9 1965; or

10 “(VII) section 8 of the United
11 States Housing Act of 1937, following
12 conversion from assistance under sec-
13 tion 101 of the Housing and Urban
14 Development Act of 1965; and

15 “(ii) tenant-based assistance under
16 section 8 of the United States Housing Act
17 of 1937 for families that are preexisting
18 tenants of the project in units that, imme-
19 diately before foreclosure or acquisition of
20 the project by the Secretary, were covered
21 by an assistance contract under the loan
22 management set-aside program under sec-
23 tion 8(b) of the United States Housing Act
24 of 1937 at such time.

1 “(2) ANNUAL CONTRIBUTION CONTRACTS FOR
2 TENANT-BASED ASSISTANCE.—In the case of multi-
3 family housing projects that are acquired by a pur-
4 chaser other than the Secretary at foreclosure or
5 after sale by the Secretary, the Secretary may enter
6 into annual contribution contracts with public hous-
7 ing agencies to provide tenant-based assistance
8 under section 8 of the United States Housing Act of
9 1937 on behalf of all low-income families who are
10 otherwise eligible for assistance in accordance with
11 subparagraph (A), (B), or (D) of paragraph (1) on
12 the date that the project is acquired by the pur-
13 chaser, subject to the following requirements:

14 “(A) REQUIREMENT OF SUFFICIENT AF-
15 FORDABLE HOUSING IN AREA.—The Secretary
16 may not take action under this paragraph un-
17 less the Secretary determines that there is
18 available in the area an adequate supply of hab-
19 itable, affordable housing for very low-income
20 families and other low-income families using
21 such assistance.

22 “(B) LIMITATION FOR SUBSIDIZED AND
23 FORMERLY SUBSIDIZED PROJECTS.—The Sec-
24 retary may not take actions under this para-
25 graph in connection with units in subsidized or

1 formerly subsidized projects for more than 10
2 percent of the aggregate number of units in
3 such projects disposed of by the Secretary in
4 any fiscal year.

5 “(3) OTHER ASSISTANCE.—

6 “(A) IN GENERAL.—In accordance with
7 the authority provided under the National
8 Housing Act, the Secretary may provide other
9 assistance pursuant to subsection (f) to the
10 owners of multifamily housing projects that are
11 acquired by a purchaser other than the Sec-
12 retary at foreclosure, or after sale by the Sec-
13 retary, on terms that ensure that—

14 “(i) at least the units in the project
15 otherwise required to receive project-based
16 assistance pursuant to subparagraphs (A),
17 (B), or (D) of paragraph (1) are available
18 to and affordable by low-income persons;
19 and

20 “(ii) for the remaining useful life of
21 the project, as defined by the Secretary,
22 there shall be in force such use or rent re-
23 strictions as the Secretary may prescribe.

24 “(B) VERY LOW-INCOME TENANTS.—If, as
25 a result of actions taken pursuant to this para-

1 graph, the rents charged to any very low-income
2 families residing in the project who are other-
3 wise required (pursuant to subparagraph (A),
4 (B), or (D) of paragraph (1)) to receive project-
5 based assistance under section 8 of the United
6 States Housing Act of 1937 exceed the amount
7 payable as rent under section 3(a) of the Unit-
8 ed States Housing Act of 1937, the Secretary
9 shall provide assistance under section 8 of such
10 Act to such families.

11 “(f) DISCRETIONARY ASSISTANCE.—In addition to
12 the actions required under subsection (e) for a subsidized,
13 formerly subsidized, or unsubsidized multifamily housing
14 project, the Secretary may, pursuant to the disposition
15 plan and the goals in subsection (a), take any of the fol-
16 lowing actions, separately or in combination:

17 “(1) DISCOUNTED SALES PRICE.—In accord-
18 ance with the authority provided under the National
19 Housing Act, the Secretary may reduce the selling
20 price of the project. Such reduced sales price shall
21 be reasonably related to the intended use of the
22 property after sale, any rehabilitation requirements
23 for the project, the rents for units in the project that
24 can be supported by the market, the amount of rent-
25 al assistance available for the project under section

1 8 of the United States Housing Act of 1937, and
2 the occupancy profile of the project.

3 “(2) USE AND RENT RESTRICTIONS.—The Sec-
4 retary may require certain units in a project to be
5 subject to use or rent restrictions providing that
6 such units will be available to and affordable by low-
7 and very low-income persons for the remaining use-
8 ful life of the property, as defined by the Secretary.

9 “(3) SHORT-TERM LOANS.—The Secretary may
10 provide short-term loans to facilitate the sale of a
11 multifamily housing project if—

12 “(A) authority for such loans is provided
13 in advance in an appropriation Act;

14 “(B) such loan has a term of not more
15 than 5 years;

16 “(C) the Secretary determines, based upon
17 documentation provided to the Secretary, that
18 the borrower has obtained a commitment of
19 permanent financing to replace the short-term
20 loan from a lender who meets standards estab-
21 lished by the Secretary; and

22 “(D) the terms of such loan are consistent
23 with prevailing practices in the marketplace or
24 the provision of such loan results in no cost to

1 the Government, as defined in section 502 of
2 the Congressional Budget Act of 1974.

3 “(4) UP-FRONT GRANTS.—If the Secretary de-
4 termines that action under this paragraph is more
5 cost-effective, the Secretary may utilize the budget
6 authority provided for contracts issued under this
7 section for project-based assistance under section 8
8 of the United States Housing Act of 1937 to (in ad-
9 dition to providing project-based section 8 rental
10 assistance)—

11 “(A) provide up-front grants for the nec-
12 essary cost of rehabilitation and other related
13 development costs; or

14 “(B) pay any cost to the Government, as
15 defined in section 502 of the Congressional
16 Budget Act of 1974, for loans made pursuant
17 to paragraph (3).

18 “(5) TENANT-BASED ASSISTANCE.—The Sec-
19 retary may make available tenant-based assistance
20 under section 8 of the United States Housing Act of
21 1937 to very low-income families residing in a multi-
22 family housing project that do not otherwise qualify
23 for project-based assistance.

24 “(6) ALTERNATIVE USES.—

1 “(A) IN GENERAL.—Notwithstanding any
2 other provision of law, after providing notice to
3 and an opportunity to comment by preexisting
4 tenants, the Secretary may allow not more than
5 10 percent of the total number of units in mul-
6 tifamily housing projects that are disposed of
7 by the Secretary during any single fiscal year to
8 be made available for—

9 “(i) uses (other than rental or cooper-
10 ative uses) that benefit the tenants of the
11 project, including low-income homeowner-
12 ship opportunities, or in any particular
13 project, community space, office space for
14 tenant or housing-related service providers
15 or security programs, or small business
16 uses; or

17 “(ii) any other uses, if the Secretary
18 and the unit of general local government or
19 area-wide governing body determine that
20 such use will further fair housing, commu-
21 nity development, or neighborhood revital-
22 ization goals.

23 “(B) DISPLACEMENT PROTECTION.—The
24 Secretary may take actions under subparagraph
25 (A) only if—

1 “(i) tenant-based rental assistance
 2 under section 8 of the United States Hous-
 3 ing Act of 1937 is made available to each
 4 eligible family residing in the project that
 5 is displaced as a result of such actions; and

6 “(ii) the Secretary determines that
 7 sufficient habitable, affordable rental hous-
 8 ing is available in the market area in which
 9 the project is located to ensure use of such
 10 assistance.

11 “(7) TRANSFER FOR USE UNDER OTHER PRO-
 12 GRAMS OF SECRETARY.—

13 “(A) IN GENERAL.—The Secretary may
 14 transfer a multifamily housing project—

15 “(i) to a public housing agency for use
 16 of the project as public housing; or

17 “(ii) to an entity eligible to own or op-
 18 erate housing assisted under section 202 of
 19 the Housing Act of 1959 or under section
 20 811 of the Cranston-Gonzalez National Af-
 21 fordable Housing Act for use as supportive
 22 housing under either of such sections.

23 “(B) REQUIREMENTS FOR AGREEMENT.—
 24 An agreement providing for the transfer of a
 25 project described in subparagraph (A) shall—

1 “(i) contain such terms, conditions,
2 and limitations as the Secretary deter-
3 mines appropriate, including requirements
4 to ensure use of the project as public hous-
5 ing, supportive housing under section 202
6 of the Housing Act of 1959, or supportive
7 housing under section 811 of the Cran-
8 ston-Gonzalez National Affordable Housing
9 Act, as applicable; and

10 “(ii) ensure that no tenant of the
11 project will be displaced as a result of ac-
12 tions taken under this paragraph.

13 “(8) REBUILDING.—Notwithstanding any provi-
14 sion of section 8 of the United States Housing Act
15 of 1937 (42 U.S.C. 1437f), the Secretary may pro-
16 vide project-based assistance under such section for
17 a multifamily housing project rebuilt or to be rebuilt
18 (on-site, off-site, or in a combination of both) in con-
19 nection with disposition under this section, if the
20 Secretary determines—

21 “(A) the project does not provide adequate
22 services;

23 “(B) rebuilding the project is less expen-
24 sive than substantial rehabilitation of the
25 project or substantial rehabilitation would not

1 produce as long a physical life of the project as
2 would rebuilding;

3 “(C) the unit of general local government
4 in which the project is located approves the re-
5 building and makes a financial contribution or
6 other commitment to the project;

7 “(D) the rebuilding promotes racial and
8 low-income geographical deconcentration; and

9 “(E) the rebuilding is a part of a local
10 neighborhood revitalization plan approved by
11 the unit of general local government.

12 “(g) PROTECTION FOR UNASSISTED VERY LOW-IN-
13 COME TENANTS.—For each multifamily housing project
14 disposed of under this section, the Secretary shall require
15 that, for any very low-income family who is a preexisting
16 tenant of the project and for whom the rent (after disposi-
17 tion) for the unit occupied by the family is not afford-
18 able—

19 “(1) for a period of 2 years beginning upon the
20 date of the acquisition of the project by the pur-
21 chaser under such disposition, the rent for the unit
22 occupied by the family may not be increased above
23 the rent charged immediately before acquisition;

24 “(2) such family shall be considered displaced
25 for purposes of the preferences for assistance under

1 sections 6(c)(4)(A)(i), 8(d)(1)(A)(i), and 8(o)(3)(B)
2 of the United States Housing Act of 1937; and

3 “(3) notice shall be provided to such family, not
4 later than the date of the acquisition of the project
5 by the purchaser—

6 “(A) of the requirements under paragraphs
7 (1) and (2); and

8 “(B) that, after the expiration of the pe-
9 riod under paragraph (1), the rent for the unit
10 occupied by the family may be increased.

11 “(h) CONTRACT REQUIREMENTS.—Contracts for
12 project-based rental assistance under section 8 of the
13 United States Housing Act of 1937 provided pursuant to
14 this section shall be subject to the following requirements:

15 “(1) CONTRACT TERM.—The contract shall
16 have a term of 15 years, except that the term may
17 be less than 15 years—

18 “(A) to the extent that the Secretary finds
19 that, based on the rental charges and financing
20 for the multifamily housing project to which the
21 contract relates, the financial viability of the
22 project can be maintained under a contract hav-
23 ing such a term; or

24 “(B) if such assistance is provided—

1 “(i) under a contract authorized
2 under section 6 of the HUD Demonstra-
3 tion Act of 1993; and

4 “(ii) pursuant to a disposition plan
5 under this section for a project that is de-
6 termined by the Secretary to be otherwise
7 in compliance with this section.

8 To the extent that units receive project-based assist-
9 ance for a contract term of less than 15 years, the
10 Secretary shall require that the amount of rent pay-
11 able by tenants of the project for such units shall
12 not exceed the amount payable for rent under sec-
13 tion 3(a) of the United States Housing Act of 1937
14 for a period of at least 15 years.

15 “(2) CONTRACT RENT.—The Secretary shall es-
16 tablish the contract rents under such contracts at
17 levels that provide sufficient amounts for the nec-
18 essary costs of rehabilitating and operating the mul-
19 tifamily housing project and do not exceed the per-
20 centage of the existing housing fair market rentals
21 for the market area in which the project assisted
22 under the contract is located (as determined by the
23 Secretary under section 8(c) of the United States
24 Housing Act of 1937) as the Secretary may pre-
25 scribe.

1 “(i) RIGHT OF FIRST REFUSAL FOR LOCAL AND
2 STATE GOVERNMENT AGENCIES.—During the period be-
3 ginning upon the Secretary acquiring title to a multifamily
4 housing project and ending 90 days after the Secretary
5 provides notice of such acquisition to the unit of general
6 local government for the area in which the project is lo-
7 cated (including any public housing agency for such area)
8 or an agency designated by the Governor of the State in
9 which the project is located, the Secretary may offer to
10 sell, make a commitment to sell, or sell the project only
11 to such unit of general local government (including any
12 such public housing agency) or such designated agency.
13 The Secretary shall establish any procedures necessary to
14 carry out this subsection.

15 “(j) DISPLACEMENT OF TENANTS AND RELOCATION
16 ASSISTANCE.—

17 “(1) IN GENERAL.—Whenever tenants will be
18 displaced as a result of the demolition of, repairs to,
19 or conversion in the use of, a multifamily housing
20 project that is owned by the Secretary (or for which
21 the Secretary is mortgagee in possession), the Sec-
22 retary shall identify tenants who will be displaced,
23 and shall notify all such tenants of their pending
24 displacement and of any relocation assistance that
25 may be available. In the case of a multifamily hous-

1 ing project that is subject to a mortgage held by the
2 Secretary, the Secretary shall require the owner of
3 the project to carry out the requirements of this
4 paragraph, if the Secretary has authorized the dem-
5 olition of, repairs to, or conversion in the use of such
6 multifamily housing project.

7 “(2) RIGHTS OF DISPLACED TENANTS.—The
8 Secretary shall ensure for any such tenant (who con-
9 tinues to meet applicable qualification standards)
10 the right—

11 “(A) to return, whenever possible, to a re-
12 paired unit;

13 “(B) to occupy a unit in another multifam-
14 ily housing project owned by the Secretary;

15 “(C) to obtain housing assistance under
16 the United States Housing Act of 1937; or

17 “(D) to receive any other available reloca-
18 tion assistance as the Secretary determines to
19 be appropriate.

20 “(k) MORTGAGE AND PROJECT SALES.—

21 “(1) IN GENERAL.—The Secretary may not ap-
22 prove the sale of any loan or mortgage held by the
23 Secretary (including any loan or mortgage owned by
24 the Government National Mortgage Association) on
25 any subsidized project or formerly subsidized

1 project, unless such sale is made as part of a trans-
2 action that will ensure that such project will con-
3 tinue to operate at least until the maturity date of
4 such loan or mortgage, in a manner that will provide
5 rental housing on terms at least as advantageous to
6 existing and future tenants as the terms required by
7 the program under which the loan or mortgage was
8 made or insured prior to the assignment of the loan
9 or mortgage on such project to the Secretary.

10 “(2) SALE OF CERTAIN PROJECTS.—The Sec-
11 retary may not approve the sale of any subsidized
12 project—

13 “(A) that is subject to a mortgage held by
14 the Secretary, or

15 “(B) if the sale transaction involves the
16 provision of any additional subsidy funds by the
17 Secretary or a recasting of the mortgage,

18 unless such sale is made as part of a transaction
19 that will ensure that the project will continue to op-
20 erate, at least until the maturity date of the loan or
21 mortgage, in a manner that will provide rental hous-
22 ing on terms at least as advantageous to existing
23 and future tenants as the terms required by the pro-
24 gram under which the loan or mortgage was made
25 or insured prior to the proposed sale of the project.

1 “(3) MORTGAGE SALES TO STATE AND LOCAL
2 GOVERNMENTS.—Notwithstanding any provision of
3 law that requires competitive sales or bidding, the
4 Secretary may carry out negotiated sales of mort-
5 gages held by the Secretary, without the competitive
6 selection of purchasers or intermediaries, to units of
7 general local government or State agencies, or
8 groups of investors that include at least one such
9 unit of general local government or State agency, if
10 the negotiations are conducted with such agencies,
11 except that—

12 “(A) the terms of any such sale shall in-
13 clude the agreement of the purchasing agency
14 or unit of local government or State agency to
15 act as mortgagee or owner of a beneficial inter-
16 est in such mortgages, in a manner consistent
17 with maintaining the projects that are subject
18 to such mortgages for occupancy by the general
19 tenant group intended to be served by the appli-
20 cable mortgage insurance program, including,
21 to the extent the Secretary determines appro-
22 priate, authorizing such unit of local govern-
23 ment or State agency to enforce the provisions
24 of any regulatory agreement or other program

1 requirements applicable to the related projects;
2 and

3 “(B) the sales prices for such mortgages
4 shall be, in the determination of the Secretary,
5 the best prices that may be obtained for such
6 mortgages from a unit of general local govern-
7 ment or State agency, consistent with the ex-
8 pectation and intention that the projects fi-
9 nanced will be retained for use under the appli-
10 cable mortgage insurance program for the life
11 of the initial mortgage insurance contract.

12 “(4) SALE OF MORTGAGES COVERING
13 UNSUBSIDIZED PROJECTS.—Notwithstanding any
14 other provision of law, the Secretary may sell mort-
15 gages held on unsubsidized projects on such terms
16 and conditions as the Secretary may prescribe.

17 “(5) MORTGAGE SALE DEMONSTRATION.—The
18 Secretary may carry out a demonstration to test the
19 feasibility of restructuring and disposing of troubled
20 multifamily mortgages held by the Secretary through
21 the establishment of partnerships between public,
22 private, and nonprofit entities.

23 “(I) REPORT TO CONGRESS.—Not later than June 1
24 of each year, the Secretary shall submit to the Congress
25 a report describing the status of multifamily housing

1 projects owned by or subject to mortgages held by the Sec-
2 retary, on an aggregate basis, which highlights the dif-
3 ferences, if any, between the subsidized and the
4 unsubsidized inventory. The report shall include—

5 “(1) the average and median size of the
6 projects;

7 “(2) the geographic locations of the projects, by
8 State and region;

9 “(3) the years during which projects were as-
10 signed to the Department, and the average and me-
11 dian length of time that projects remain in the
12 HUD-held inventory;

13 “(4) the status of HUD-held mortgages;

14 “(5) the physical condition of the HUD-held
15 and HUD-owned inventory;

16 “(6) the occupancy profile of the projects, in-
17 cluding the income, family size, race, and ethnic ori-
18 gin of current tenants, and the rents paid by such
19 tenants;

20 “(7) the proportion of units that are vacant;

21 “(8) the number of projects for which the Sec-
22 retary is mortgagee in possession;

23 “(9) the number of projects sold in foreclosure
24 sales;

25 “(10) the number of HUD-owned projects sold;

1 “(11) a description of actions undertaken pur-
2 suant to this section, including a description of the
3 effectiveness of such actions and any impediments to
4 the disposition or management of multifamily hous-
5 ing projects;

6 “(12) a description of the extent to which the
7 provisions of this section and actions taken under
8 this section have displaced tenants of multifamily
9 housing projects;

10 “(13) a description of any of the functions per-
11 formed in connection with this section that are con-
12 tracted out to public or private entities or to States;
13 and

14 “(14) a description of the activities carried out
15 under subsection (i) during the preceding year.”.

16 (c) CLARIFICATION OF FEDERAL PREFERENCES.—

17 (1) PUBLIC HOUSING TENANCY.—Section
18 6(c)(4)(A)(i) of the United States Housing Act of
19 1937 (42 U.S.C. 1437d(c)(4)(A)(i)) is amended by
20 inserting after “displaced” the following: “(including
21 displacement because of disposition of a multifamily
22 housing project under section 203 of the Housing
23 and Community Development Amendments of
24 1978)”.

1 (2) SECTION 8 ASSISTANCE.—Section
2 8(d)(1)(A)(i) of the United States Housing Act of
3 1937 (42 U.S.C. 1437f(d)(1)(A)(i)) is amended by
4 inserting after “displaced” the following: “(including
5 displacement because of disposition of a multifamily
6 housing project under section 203 of the Housing
7 and Community Development Amendments of
8 1978)”.

9 (d) DEFINITION OF OWNER.—Section 8(f)(1) of the
10 United States Housing Act of 1937 (42 U.S.C.
11 1437f(f)(1)) is amended by inserting “an agency of the
12 Federal Government,” after “cooperative,”.

13 (e) AMENDMENT TO NATIONAL HOUSING ACT.—
14 Title V of the National Housing Act (12 U.S.C. 1731a
15 et seq.) is amended by adding at the end the following
16 new section:

17 “PARTIAL PAYMENT OF CLAIMS ON MULTIFAMILY
18 HOUSING PROJECTS

19 “SEC. 541. (a) AUTHORITY.—Notwithstanding any
20 other provision of law, if the Secretary is requested to ac-
21 cept assignment of a mortgage insured by the Secretary
22 that covers a multifamily housing project (as such term
23 is defined in section 203(b) of the Housing and Commu-
24 nity Development Amendments of 1978) and the Sec-
25 retary determines that partial payment would be less cost-
26 ly to the Federal Government than other reasonable alter-

1 natives for maintaining the low-income character of the
2 project, the Secretary may request the mortgagee, in lieu
3 of assignment, to—

4 “(1) accept partial payment of the claim under
5 the mortgage insurance contract; and

6 “(2) recast the mortgage, under such terms and
7 conditions as the Secretary may determine.

8 “(b) REPAYMENT.—As a condition to a partial claim
9 payment under this section, the mortgagor shall agree to
10 repay to the Secretary the amount of such payment and
11 such obligation shall be secured by a second mortgage on
12 the property on such terms and conditions as the Sec-
13 retary may determine.”.

14 (f) EFFECTIVE DATE.—The Secretary shall issue in-
15 terim regulations necessary to implement the amendments
16 made by subsections (b) through (d) not later than 90
17 days after the date of the enactment of this Act. Such
18 interim regulations shall take effect upon issuance and in-
19 vite public comment on the interim regulations. The Sec-
20 retary shall issue final regulations to implement such
21 amendments after opportunity for such public comment,
22 but not later than 12 months after the date of issuance
23 of such interim regulations.

1 **SEC. 102. USE OF EMERGENCY ASSISTANCE FUNDS FOR**
2 **RESIDENCY IN MULTIFAMILY HOUSING DIS-**
3 **POSITION PROJECTS.**

4 Section 203(f) of the Housing and Community Devel-
5 opment Amendments of 1978 (12 U.S.C. 1701z-11), as
6 amended by section 101 of this Act, is further amended
7 by adding at the end the following new paragraph:

8 “(9) EMERGENCY ASSISTANCE FUNDS.—The
9 Secretary may make arrangements with State agen-
10 cies and units of general local government of States
11 receiving emergency assistance under part A of title
12 IV of the Social Security Act for the provision of as-
13 sistance under such Act on behalf of eligible families
14 who would reside in any multifamily housing
15 projects.”.

16 **SEC. 103. REPEAL OF STATE AGENCY MULTIFAMILY PROP-**
17 **ERTY DISPOSITION DEMONSTRATION.**

18 Section 184 of the Housing and Community Develop-
19 ment Act of 1987 (12 U.S.C. 1701z-11 note) is hereby
20 repealed.

21 **SEC. 104. PREVENTING MORTGAGE DEFAULTS ON MULTI-**
22 **FAMILY HOUSING PROJECTS.**

23 (a) MULTIFAMILY HOUSING PLANNING AND INVEST-
24 MENT STRATEGIES.—

25 (1) PREPARATION OF ASSESSMENTS FOR INDE-
26 PENDENT ENTITIES.—Section 402(a) of the Housing

1 and Community Development Act of 1992 (12
2 U.S.C. 1715–1a note) is amended by adding at the
3 end the following new sentence: “The assessment
4 shall be prepared by an entity that does not have an
5 identity of interest with the owner.”.

6 (2) TIMING OF SUBMISSION OF NEEDS ASSESS-
7 MENTS.—Section 402(b) of the Housing and Com-
8 munity Development Act of 1992 (12 U.S.C. 17152–
9 1a note) is amended to read as follows:

10 “(b) TIMING.—To ensure that assessments for all
11 covered multifamily housing properties will be submitted
12 on or before the conclusion of fiscal year 1997, the Sec-
13 retary shall require the owners of such properties, includ-
14 ing covered multifamily housing properties for the elderly,
15 to submit the assessments for the properties in accordance
16 with the following schedule:

17 “(1) For fiscal year 1994, 10 percent of the ag-
18 gregate number of such properties.

19 “(2) For each of fiscal years 1995, 1996, and
20 1997, an additional 30 percent of the aggregate
21 number of such properties.”.

22 (3) REVIEW OF COMPREHENSIVE NEEDS AS-
23 SESSMENTS.—Section 404(d) of the Housing and
24 Community Development Act of 1992 (12 U.S.C.
25 1715–1a note) is amended to read as follows:

1 “(d) REVIEW.—

2 “(1) IN GENERAL.—The Secretary shall review
3 each comprehensive needs assessment for complete-
4 ness and adequacy before the expiration of the 90-
5 day period beginning on the receipt of the assess-
6 ment and shall notify the owner of the property for
7 which the assessment was submitted of the findings
8 of such review.

9 “(2) INCOMPLETE OR INADEQUATE ASSESS-
10 MENTS.—If the Secretary determines that the as-
11 sessment is substantially incomplete or inadequate,
12 the Secretary shall—

13 “(A) notify the owner of the portion or
14 portions of the assessment requiring completion
15 or other revision; and

16 “(B) require the owner to submit an
17 amended assessment to the Secretary not later
18 than 30 days after such notification.”.

19 (4) REPEAL OF NOTICE PROVISION.—Section
20 404 of the Housing and Community Development
21 Act of 1992 (12 U.S.C. 1715–1a note) is amended
22 by striking subsection (f).

23 (5) PUBLICATION.—Section 404 of the Housing
24 and Community Development Act of 1992 (12

1 U.S.C. 1715z-1a note) is amended by inserting after
2 subsection (e) the following new subsection:

3 “(f) PUBLICATION OF METHOD FOR RECEIVING CAP-
4 ITAL NEEDS ASSESSMENT.—The Secretary shall cause to
5 be published in the Federal Register the method by which
6 the Secretary determines which capital needs assessments
7 will be received each year in accordance with section
8 402(b) and subsection (d) of this section.”.

9 (6) FUNDING.—Title IV of the Housing and
10 Community Development Act of 1992 (12 U.S.C.
11 1715z-1a note) is amended by adding at the end the
12 following new section:

13 **“SEC. 409. FUNDING.**

14 “(a) ALLOCATION OF ASSISTANCE.—Based upon
15 needs identified in comprehensive needs assessments, and
16 subject to otherwise applicable program requirements, in-
17 cluding selection criteria, the Secretary may allocate the
18 following assistance to owners of covered multifamily
19 housing projects and may provide such assistance on a
20 noncompetitive basis:

21 “(1) Operating assistance and capital improve-
22 ment assistance for troubled multifamily housing
23 projects pursuant to section 201 of the Housing and
24 Community Development Amendments of 1978, ex-
25 cept for assistance set aside under section 201(n)(1).

1 “(2) Loan management assistance available
2 pursuant to section 8 of the United States Housing
3 Act of 1937.

4 “(b) OPERATING ASSISTANCE AND CAPITAL IM-
5 PROVEMENT ASSISTANCE.—In providing assistance under
6 subsection (a) the Secretary shall use the selection criteria
7 set forth in section 201(n) of the Housing and Community
8 Development Amendments of 1978.

9 “(c) AMOUNT OF ASSISTANCE.—The Secretary may
10 fund all or only a portion of the needs identified in the
11 capital needs assessment of an owner selected to receive
12 assistance under this section.”.

13 (b) FLEXIBLE SUBSIDY PROGRAM.—

14 (1) DELETION OF UTILITY COST REQUIRE-
15 MENTS.—Section 201(i) of the Housing and Com-
16 munity Development Amendments of 1978 (12
17 U.S.C. 1715z–1a(i)) is hereby repealed.

18 (2) REPEAL OF MANDATORY CONTRIBUTION
19 FROM OWNER.—Section 201(k)(2) of the Housing
20 and Community Development Amendments of 1978
21 (12 U.S.C. 1715z–1a(k)(2)) is amended by striking
22 “, except that” and all that follows and inserting a
23 period.

24 (3) FUNDING.—Section 201(n) of the Housing
25 and Community Development Amendments of 1978

1 (42 U.S.C. 1715z-1a(n)) is amended to read as
2 follows:

3 “(n) ALLOCATION OF ASSISTANCE.—

4 “(1) SET-ASIDE.—In providing, and contracting
5 to provide, assistance for capital improvements
6 under this section, in each fiscal year the Secretary
7 shall set aside an amount, as determined by the Sec-
8 retary, for projects that are eligible for incentives
9 under section 224(b) of the Emergency Low Income
10 Housing Preservation Act of 1987, as such section
11 existed before the date of enactment of the Cran-
12 ston-Gonzalez National Affordable Housing Act. The
13 Secretary may make such assistance available on a
14 noncompetitive basis.

15 “(2) GENERAL RULES FOR ALLOCATION.—Ex-
16 cept as provided in paragraph (3), with respect to
17 assistance under this section not set aside for
18 projects under paragraph (1), the Secretary—

19 “(A) may award assistance on a non-
20 competitive basis; and

21 “(B) shall award assistance to eligible
22 projects on the basis of—

23 “(i) the extent to which the project is
24 physically or financially troubled, as evi-
25 denced by the comprehensive needs assess-

1 ment submitted in accordance with title IV
2 of the Housing and Community Develop-
3 ment Act of 1992; and

4 “(ii) the extent to which such assist-
5 ance is necessary and reasonable to pre-
6 vent the default of federally insured mort-
7 gages.

8 “(3) EXCEPTIONS.—The Secretary may make
9 exceptions to selection criteria set forth in paragraph
10 (2) to permit the provision of assistance to eligible
11 projects based upon—

12 “(A) the extent to which such assistance is
13 necessary to prevent the imminent foreclosure
14 or default of a project whose owner has not
15 submitted a comprehensive needs assessment
16 pursuant to title IV of the Housing and Com-
17 munity Development Act of 1992;

18 “(B) the extent to which the project pre-
19 sents an imminent threat to the life, health,
20 and safety of project residents; or

21 “(C) such other criteria as the Secretary
22 may specify by regulation or by notice printed
23 in the Federal Register.

1 “(4) CONSIDERATIONS.—In providing assist-
2 ance under this section, the Secretary shall take into
3 consideration—

4 “(A) the extent to which there is evidence
5 that there will be significant opportunities for
6 residents (including a resident council or resi-
7 dent management corporation, as appropriate)
8 to be involved in the management of the project
9 (except that this paragraph shall have no appli-
10 cation to projects that are owned as coopera-
11 tives); and

12 “(B) the extent to which there is evidence
13 that the project owner has provided competent
14 management and complied with all regulatory
15 and administrative handbooks (including such
16 handbooks with respect to the comprehensive
17 servicing of multifamily projects as the Sec-
18 retary may issue).”.

19 (4) REPEAL.—Section 201 of the Housing and
20 Community Development Amendments of 1978 (12
21 U.S.C. 1715z-1a) is amended—

22 (A) by striking subsection (o); and

23 (B) by redesignating subsection (p) as sub-
24 section (o).

1 (c) IMPLEMENTATION AND EFFECTIVE DATES FOR
2 SUBSECTIONS (a) AND (b).—

3 (1) IN GENERAL.—Except as provided in para-
4 graph (2), the amendments made by subsections (a)
5 and (b) shall apply with respect to amounts made
6 available for fiscal year 1995 and fiscal years there-
7 after.

8 (2) EXCEPTION.—Section 201(n)(1) of the
9 Housing and Community Development Amendments
10 of 1978 (as added by the amendment made by sub-
11 section (b)(3) of this section) shall take effect on the
12 date of enactment of this Act.

13 (3) NOTICE.—The Secretary shall, by notice
14 published in the Federal Register, establish any re-
15 quirements necessary to implement the amendments
16 made by subsections (a) and (b). The notice shall in-
17 vite public comments and, not later than 12 months
18 after the date on which the notice is published, the
19 Secretary shall issue final regulations based on the
20 initial notice, taking into consideration any public
21 comments received.

22 (d) STREAMLINED REFINANCING.—As soon as prac-
23 ticable, the Secretary shall implement a streamlined refi-
24 nancing program under the authority provided in section
25 223 of the National Housing Act to prevent the default

1 of mortgages insured by the FHA which cover multifamily
2 housing projects, as defined in section 203(b) of the Hous-
3 ing and Community Development Amendments of 1978.

4 (e) GAO STUDY ON PREVENTION OF DEFAULT.—

5 (1) IN GENERAL.—Not later than September 1,
6 1995, the Comptroller General of the United States
7 shall submit to the Committee on Banking, Finance
8 and Urban Affairs of the House of Representatives
9 and the Committee on Banking, Housing, and
10 Urban Affairs of the Senate a report that evaluates
11 the adequacy of loan loss reserves in the General In-
12 surance and Special Risk Insurance Funds and pre-
13 sents recommendations for the Secretary to prevent
14 losses from occurring.

15 (2) CONTENTS.—The report submitted under
16 paragraph (1) shall—

17 (A) evaluate the factors considered in ar-
18 riving at loss estimates and determine whether
19 other factors should be considered;

20 (B) determine the relative benefit of creat-
21 ing a new, actuarially sound insurance fund for
22 all new multifamily housing insurance commit-
23 ments; and

24 (C) recommend alternatives to the Sec-
25 retary's current procedures for preventing the

1 future default of multifamily housing project
2 mortgages insured under title II of the National
3 Housing Act.

4 (f) GAO STUDY ON ACTUARIAL SOUNDNESS OF CER-
5 TAIN INSURANCE PROGRAMS.—

6 (1) IN GENERAL.—Not later than April 1,
7 1995, the Comptroller General of the United States
8 shall submit to the Committee on Banking, Housing,
9 and Urban Affairs of the Senate and the Committee
10 on Banking, Finance and Urban Affairs of the
11 House of Representatives a report that evaluates, in
12 connection with the General Insurance Fund, the
13 role and performance of the nursing home, hospital,
14 and retirement service center insurance programs.

15 (2) CONTENTS.—The reports submitted under
16 paragraph (1) shall—

17 (A) evaluate the strategic importance of
18 these insurance programs to the mission of the
19 FHA;

20 (B) evaluate the impact of these insurance
21 programs upon the financial performance of the
22 General Insurance Fund;

23 (C) assess the potential losses expected
24 under these programs through fiscal year 1999;

1 (D) evaluate the risk of these programs to
2 the General Insurance Fund in connection with
3 changes in national health care policy;

4 (E) assess the ability of the FHA to man-
5 age these programs; and

6 (F) make recommendations for any nec-
7 essary changes.

8 (g) RISK ASSESSMENT.—

9 (1) SPECIAL RISK INSURANCE FUND.—Section
10 238(c) of the National Housing Act (12 U.S.C.
11 1715z-3(c)) is amended by adding at the end the
12 following new paragraph:

13 “(3) The Secretary shall undertake an annual
14 assessment of the risks associated with each of the
15 insurance programs comprising the Special Risk In-
16 surance Fund, and shall present findings from such
17 review to the Congress in the FHA Annual Manage-
18 ment Report.”.

19 (2) GENERAL INSURANCE FUND.—Section 519
20 of the National Housing Act (12 U.S.C. 1735c) is
21 amended by adding at the end the following new
22 subsection:

23 “(g) RISK ASSESSMENT.—The Secretary shall under-
24 take an annual assessment of the risks associated with
25 each of the insurance programs comprising the General

1 Insurance Fund, and shall present findings from such re-
2 view to the Congress in the FHA Annual Management Re-
3 port.”.

4 (h) ALTERNATIVE USES FOR PREVENTION OF DE-
5 FAULT.—

6 (1) IN GENERAL.—Subject to notice and com-
7 ment from existing tenants, to prevent the imminent
8 default of a multifamily housing project subject to a
9 mortgage insured under title II of the National
10 Housing Act, the Secretary may authorize the mort-
11 gator to use the project for purposes not con-
12 templated by or permitted under the regulatory
13 agreement, if—

14 (A) such other uses are acceptable to the
15 Secretary;

16 (B) such other uses would be otherwise in-
17 surable under title II of the National Housing
18 Act;

19 (C) the outstanding principal balance on
20 the mortgage covering such project is not in-
21 creased;

22 (D) any financial benefit accruing to the
23 mortgagor shall, subject to the discretion of the
24 Secretary, be applied to project reserves or
25 project rehabilitation; and

1 (E) such other use serves a public purpose.

2 (2) DISPLACEMENT PROTECTION.—The Sec-
3 retary may take actions under paragraph (1) only
4 if—

5 (A) tenant-based rental assistance under
6 section 8 of the United States Housing Act of
7 1937 is made available to each eligible family
8 residing in the project that is displaced as a re-
9 sult of such actions; and

10 (B) the Secretary determines that suffi-
11 cient habitable, affordable (as such term is de-
12 fined in section 203(b) of the Housing and
13 Community Development Amendments of 1978)
14 rental housing is available in the market area in
15 which the project is located to ensure use of
16 such assistance.

17 (3) IMPLEMENTATION.—The Secretary shall, by
18 notice published in the Federal Register, which shall
19 take effect upon publication, establish such require-
20 ments as may be necessary to implement the amend-
21 ments made by this subsection. The notice shall in-
22 vite public comments and, not later than 12 months
23 after the date on which the notice is published, the
24 Secretary shall issue final regulations based on the

1 initial notice, taking into account any public com-
2 ments received.

3 **SEC. 105. INTEREST RATES ON ASSIGNED MORTGAGES.**

4 Section 7(i)(5) of the Department of Housing and
5 Urban Development Act (42 U.S.C. 3535(i)(5)) is amend-
6 ed by striking the first semicolon, and all that follows
7 through “as determined by the Secretary”.

8 **SEC. 106. AUTHORIZATION OF APPROPRIATIONS.**

9 (a) SPECIAL RISK INSURANCE FUND.—Section
10 238(b) of the National Housing Act (12 U.S.C. 1715z-
11 3(b)) is amended by striking the fifth sentence.

12 (b) GENERAL INSURANCE FUND.—Section 519 of the
13 National Housing Act (12 U.S.C. 1735c) is amended—

14 (1) by striking subsection (f); and

15 (2) by redesignating subsection (g) (as added
16 by section 104(g)(2) of this Act) as subsection (f).

17 (c) MULTIFAMILY INSURANCE FUND APPROPRIA-
18 TIONS.—Title V of the National Housing Act (12 U.S.C.
19 1731a et seq.) is amended by adding at the end the follow-
20 ing new section:

21 **“SEC. 541. AUTHORIZATION OF APPROPRIATIONS FOR GEN-**
22 **ERAL AND SPECIAL RISK INSURANCE FUNDS.**

23 “There are authorized to be appropriated such sums
24 as may be necessary for each of fiscal years 1994 and
25 1995, to be allocated in any manner that the Secretary

1 determines appropriate, for the following costs incurred in
2 conjunction with programs authorized under the General
3 Insurance Fund, as provided by section 519, and the Spe-
4 cial Risk Insurance Fund, as provided by section 238:

5 “(1) The cost to the Government, as defined in
6 section 502 of the Congressional Budget Act, of new
7 insurance commitments.

8 “(2) The cost to the Government, as defined in
9 section 502 of the Congressional Budget Act, of
10 modifications to existing loans, loan guarantees, or
11 insurance commitments.

12 “(3) The cost to the Government, as defined in
13 section 502 of the Congressional Budget Act, of
14 loans provided under section 203(f) of the Housing
15 and Community Development Amendments of 1978.

16 “(4) The costs of the rehabilitation of multi-
17 family housing projects (as defined in section 203(b)
18 of the Housing and Community Development
19 Amendments of 1978) upon disposition by the Sec-
20 retary.”.

**TITLE II—OTHER PROGRAM
REFORMS**

**Subtitle A—Home Investment
Partnerships Program**

SEC. 201. PARTICIPATION BY STATE AGENCIES OR INSTRUMENTALITIES.

Section 104(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(2)) is amended—

(1) by striking “and” after “Columbia,”; and

(2) by inserting before the period at the end the following: “, and any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the State with regard to the provisions of this Act”.

SEC. 203. SIMPLIFICATION OF PROGRAM-WIDE INCOME TARGETING FOR RENTAL HOUSING.

Section 214(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12744(1)) is amended—

(1) in subparagraph (A)—

(A) by striking “such funds are invested with respect to dwelling units that are occupied

1 by” and inserting “(i) the families receiving
2 such rental assistance are”; and

3 (B) by striking “, and” and inserting “, or
4 (ii) the dwelling units assisted with such funds
5 are occupied by families having such incomes;
6 and”; and

7 (2) in subparagraph (B)—

8 (A) by striking “such funds are invested
9 with respect to dwelling units that are occupied
10 by” and inserting “(i) the families receiving
11 such rental assistance are”; and

12 (B) by inserting before the semicolon at
13 the end the following: “, or (ii) the dwelling
14 units assisted with such funds are occupied by
15 such households”.

16 **SEC. 204. HOMEOWNERSHIP UNITS.**

17 (a) REMOVAL OF FIRST-TIME HOMEBUYER RE-
18 QUIREMENT.—Section 215(b) of the Cranston-Gonzalez
19 National Affordable Housing Act (42 U.S.C. 12745(b)) is
20 amended—

21 (1) by striking paragraph (3); and

22 (2) by redesignating paragraphs (4) and (5) as
23 paragraphs (3) and (4), respectively.

24 (b) SIMPLIFICATION OF RESALE PROVISIONS.—Sec-
25 tion 215(b)(3)(B) of the Cranston-Gonzalez National Af-

1 fordable Housing Act (42 U.S.C. 12745(b)(3)(B)), as so
 2 redesignated by subsection (a) of this section, is amended
 3 by striking “subsection” and inserting “title”.

4 **SEC. 205. SIMPLIFICATION OF MATCHING REQUIREMENTS.**

5 Section 220(a) of the Cranston-Gonzalez National
 6 Affordable Housing Act (42 U.S.C. 12750(a)) is amended
 7 to read as follows:

8 “(a) CONTRIBUTION.—Each participating jurisdic-
 9 tion shall make contributions to housing that qualifies as
 10 affordable housing under this title that total, throughout
 11 a fiscal year, not less than 25 percent of the funds drawn
 12 from the jurisdiction’s HOME Investment Trust Fund in
 13 such fiscal year. Such contributions shall be in addition
 14 to any amounts made available under section
 15 216(3)(A)(ii).”.

16 **SEC. 206. REPEAL OF SEPARATE AUDIT REQUIREMENT.**

17 Section 283 of the Cranston-Gonzalez National Af-
 18 fordable Housing Act (42 U.S.C. 12833) is amended—

19 (1) by striking the section designation and
 20 heading and inserting the following:

21 **“SEC. 283. AUDITS BY COMPTROLLER GENERAL.”;**

22 (2) by striking subsection (a);

23 (3) in subsection (b)—

24 (A) by striking “(b) AUDITS BY THE
 25 COMPTROLLER GENERAL.—”;

1 (B) by redesignating paragraphs (1) and
2 (2) as subsections (a) and (b), respectively; and
3 (C) by moving subsections (a) and (b), as
4 redesignated by subparagraph (B), 2 ems to the
5 left so that such subsections are flush with the
6 left margin; and
7 (4) in subsection (a), as redesignated by para-
8 graph (3)(B), by striking the second sentence.

9 **SEC. 207. ENVIRONMENTAL REVIEW REQUIREMENTS.**

10 Section 288 of the Cranston-Gonzalez National Af-
11 fordable Housing Act (42 U.S.C. 12838) is amended—

12 (1) in subsection (a)—

13 (A) in the first sentence, by striking “par-
14 ticipating jurisdictions” and inserting “jurisdic-
15 tions, Indian tribes, or insular areas”; and

16 (B) by adding at the end the following new
17 sentences: “The regulations shall provide—

18 “(1) for the monitoring of the performance of
19 environmental reviews under this section;

20 “(2) in the discretion of the Secretary, for the
21 provision or facilitation of training for the perform-
22 ance of such reviews; and

23 “(3) for the suspension or termination of the
24 assumption under this section.

1 The Secretary's duty under the preceding sentence shall
 2 not be construed to limit or reduce any responsibility as-
 3 sumed by a State or unit of general local government with
 4 respect to any particular release of funds.”;

5 (2) in the first sentence of subsection (b), by
 6 striking “participating jurisdiction” and inserting
 7 “jurisdiction, Indian tribe, or insular area”;

8 (3) in subsection (c)(4)(B), by striking “parti-
 9 cating jurisdiction” and inserting “jurisdiction, In-
 10 dian tribe, or insular area”; and

11 (4) in subsection (d), by striking “ASSISTANCE
 12 TO A STATE.—In the case of assistance to States”
 13 and inserting the following: “ASSISTANCE TO UNITS
 14 OF GENERAL LOCAL GOVERNMENT FROM A
 15 STATE.—In the case of assistance to units of gen-
 16 eral local government from a State”.

17 **SEC. 208. USE OF CDBG FUNDS FOR HOME PROGRAM EX-**
 18 **PENSES.**

19 (a) ADMINISTRATIVE EXPENSES.—Section
 20 105(a)(13) of the Housing and Community Development
 21 Act of 1974 (42 U.S.C. 5305(a)(13)) is amended by in-
 22 serting after “charges related to” the following: “(A) ad-
 23 ministering the HOME program under title II of the
 24 Cranston-Gonzalez National Affordable Housing Act; and
 25 (B)”.

1 (b) PROJECT DELIVERY COSTS.—Section 105(a)(21)
2 of the Housing and Community Development Act of 1974
3 (42 U.S.C. 5305(a)(21)) is amended—

4 (1) by inserting “in connection with tenant-
5 based rental assistance and affordable housing
6 projects assisted under title II of the Cranston-Gon-
7 zalez National Affordable Housing Act” after “hous-
8 ing counseling”; and

9 (2) by striking “authorized” and all that follows
10 through “any law” and inserting “assisted under
11 title II of the Cranston-Gonzalez National Afford-
12 able Housing Act”.

13 **SEC. 209. FLEXIBILITY OF HOME PROGRAM FOR DISASTER**
14 **AREAS.**

15 Title II of the Cranston-Gonzalez National Affordable
16 Housing Act (42 U.S.C. 12721 et seq.) is amended by
17 adding at the end the following new section:

18 **“SEC. 290. SUSPENSION OF REQUIREMENTS FOR DISASTER**
19 **AREAS.**

20 “For the duration of time during which an area has
21 been declared a disaster area by the President under title
22 IV of the Robert T. Stafford Disaster Relief and Emer-
23 gency Assistance Act, the Secretary may suspend all re-
24 quirements for purposes of assistance under this title for
25 that area, except for those related to public notice of fund-

1 ing availability, nondiscrimination, fair housing, labor
 2 standards, environmental standards, and low-income hous-
 3 ing affordability.”.

4 **SEC. 210. APPLICABILITY AND REGULATIONS.**

5 The amendments made by this title shall apply with
 6 respect to any amounts made available to carry out title
 7 II of the Cranston-Gonzalez National Affordable Housing
 8 Act after the date of the enactment of this Act and any
 9 amounts made available to carry out such title before such
 10 date of enactment that remain unobligated on such date.
 11 The Secretary shall issue any regulations necessary to
 12 carry out the amendments made by this title not later than
 13 the expiration of the 45-day period beginning on the date
 14 of the enactment of this Act.

15 **Subtitle B—HOPE Homeownership**
 16 **Program**

17 **SEC. 221. MATCHING REQUIREMENT UNDER HOPE FOR**
 18 **HOMEOWNERSHIP OF SINGLE FAMILY HOMES**
 19 **PROGRAM.**

20 Section 443(c)(1) of the Cranston-Gonzalez National
 21 Affordable Housing Act (42 U.S.C. 12893(c)(1)) is
 22 amended by striking “33 percent” and inserting “25 per-
 23 cent”.

Subtitle C—Community Development Block Grants

SEC. 231. SECTION 108 ELIGIBLE ACTIVITIES.

The first sentence of section 108(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(a)) is amended—

(1) by striking “or” after “section 105(a);”;
and

(2) by inserting before the period the following:
“; (5) the acquisition, construction, reconstruction,
or installation of public facilities (except for build-
ings for the general conduct of government); or (6)
in the case of colonias, public works and site or
other improvements”.

SEC. 232. GUARANTEE OF OBLIGATIONS BACKED BY SEC- TION 108 LOANS.

Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) is amended by adding at the end the following new subsection:

“(q) GUARANTEE OF OBLIGATIONS BACKED BY
LOANS.—

“(1) AUTHORITY.—The Secretary may, upon
such terms and conditions as the Secretary considers
appropriate, guarantee the timely payment of the

1 principal of and interest on such trust certificates or
2 other obligations as may—

3 “(A) be offered by the Secretary or by any
4 other offeror approved for purposes of this sub-
5 section by the Secretary; and

6 “(B) be based on and backed by a trust or
7 pool composed of notes or other obligations
8 guaranteed or eligible for guarantee by the Sec-
9 retary under this section.

10 “(2) FULL FAITH AND CREDIT.—To the same
11 extent as provided in subsection (f), the full faith
12 and credit of the United States is pledged to the
13 payment of all amounts that may be required to be
14 paid under any guarantee made by the Secretary
15 under this subsection.

16 “(3) SUBROGATION.—If the Secretary pays a
17 claim under a guarantee made under this section,
18 the Secretary shall be subrogated fully to the rights
19 satisfied by such payment.

20 “(4) EFFECT OF LAWS.—No State or local law,
21 and no Federal law, shall preclude or limit the exer-
22 cise by the Secretary of—

23 “(A) the power to contract with respect to
24 public offerings and other sales of notes, trust
25 certificates, and other obligations guaranteed

1 under this section upon such terms and condi-
 2 tions as the Secretary deems appropriate;

3 “(B) the right to enforce any such contract
 4 by any means deemed appropriate by the Sec-
 5 retary; and

6 “(C) any ownership rights of the Sec-
 7 retary, as applicable, in notes, certificates, or
 8 other obligations guaranteed under this section,
 9 or constituting the trust or pool against which
 10 trust certificates, or other obligations guaran-
 11 teed under this section, are offered.”.

12 **SEC. 233. FLEXIBILITY OF CDBG PROGRAM FOR DISASTER**
 13 **AREAS.**

14 Title I of the Housing and Community Development
 15 Act of 1974 (42 U.S.C. 5301 et seq.) is amended by add-
 16 ing at the end the following new section:

17 **“SEC. 122. SUSPENSION OF REQUIREMENTS FOR DISASTER**
 18 **AREAS.**

19 “For the duration of time during which an area has
 20 been declared a disaster area by the President under title
 21 IV of the Robert T. Stafford Disaster Relief and Emer-
 22 gency Assistance Act, the Secretary may suspend all re-
 23 quirements for purposes of assistance under section 106
 24 for that area, except for those related to public notice of
 25 funding availability, nondiscrimination, fair housing, labor

1 standards, environmental standards, and requirements
2 that activities benefit persons of low- and moderate-in-
3 come.”.

4 **TITLE III—TECHNICAL** 5 **AMENDMENTS**

6 **SEC. 301. DEFINITION OF “FAMILIES”.**

7 The first sentence of section 3(b)(3)(B) of the United
8 States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)(B))
9 is amended by striking “means families with children” and
10 inserting “includes families with children and”.

11 **SEC. 302. ELIMINATION OF REQUIREMENT TO IDENTIFY** 12 **CIAP REPLACEMENT NEEDS.**

13 Section 14 of the United States Housing Act of 1937
14 (42 U.S.C. 1437l) is amended—

15 (1) in subsection (d)—

16 (A) by striking paragraph (2);

17 (B) in paragraph (4), in the matter pre-
18 ceding subparagraph (A)—

19 (i) by striking “and replacements,”;

20 and

21 (ii) by striking “(1), (2), and (3)” and
22 inserting “(1) and (2)”; and

23 (C) by redesignating paragraphs (3) and
24 (4) as paragraphs (2) and (3), respectively; and
25 (2) in subsection (f)(1)—

1 (A) in subparagraph (A), by striking
2 “(d)(4)(A)” and inserting “(d)(3)(A)”;
3 (B) by striking subparagraph (B);
4 (C) in subparagraph (C), by striking
5 “(d)(4)” and inserting “(d)(3)”;
6 (D) in subparagraph (D)—
7 (i) by striking “(1), (2), and (3)” and
8 inserting “(1) and (2)”;
9 (ii) by striking “(d)(4)” and inserting
10 “(d)(3)”;
11 (E) by redesignating subparagraphs (C)
12 and (D), as so amended, as subparagraphs (B)
13 and (C), respectively;
14 (3) in subsection (g), by striking “(d)(4)” and
15 inserting “(d)(3)”;
16 (4) in subsection (h)(2), by striking “(d)(4)”
17 and inserting “(d)(3)”.

18 **SEC. 303. PROJECT-BASED ACCOUNTING.**

19 Section 6(c)(4)(E) of the United States Housing Act
20 of 1937 (42 U.S.C. 1437d(c)(4)(E)) is amended by strik-
21 ing “250” and inserting “500”.

1 **SEC. 304. OPERATING SUBSIDY ADJUSTMENTS FOR ANTICI-**
2 **PATED FRAUD RECOVERIES.**

3 Section 9(a) of the United States Housing Act of
4 1937 (42 U.S.C. 1437g(a)) is amended by adding at the
5 end the following new paragraph:

6 “(4) Adjustments to a public housing agency’s oper-
7 ating subsidy made by the Secretary under this section
8 shall reflect actual changes in rental income collections re-
9 sulting from the application of section 904 of the Stewart
10 B. McKinney Homeless Assistance Amendments Act of
11 1988.”.

12 **SEC. 305. ENVIRONMENTAL REVIEW PROVISIONS.**

13 (a) LEAD-BASED PAINT HAZARD REDUCTION.—Sec-
14 tion 1011 of the Housing and Community Development
15 Act of 1992 (42 U.S.C. 4852) is amended—

16 (1) by redesignating subsection (o) as sub-
17 section (p); and

18 (2) by inserting after subsection (n) the follow-
19 ing new subsection:

20 “(o) ENVIRONMENTAL REVIEW.—

21 “(1) IN GENERAL.—For purposes of environ-
22 mental review, decisionmaking, and action pursuant
23 to the National Environmental Policy Act of 1960
24 and other provisions of law that further the purposes
25 of such Act, a grant under this section shall be
26 treated as assistance under the HOME Investment

1 Partnership Act, established under title II of the
2 Cranston-Gonzalez National Affordable Housing
3 Act, and shall be subject to the regulations promul-
4 gated by the Secretary to implement section 288 of
5 such Act.

6 “(2) APPLICABILITY.—This subsection shall
7 apply to—

8 “(A) grants awarded under this section;
9 and

10 “(B) grants awarded to States and units
11 of general local government for the abatement
12 of significant lead-based paint and lead dust
13 hazards in low- and moderate-income owner-oc-
14 cupied units and low-income privately owned
15 rental units pursuant to title II of the Depart-
16 ments of Veterans Affairs and Housing and
17 Urban Development, and Independent Agencies
18 Appropriations Act, 1992 (Public Law 102–
19 139, 105 Stat. 736).”.

20 (b) PROGRAMS UNDER UNITED STATES HOUSING
21 ACT OF 1937.—Title I of the United States Housing Act
22 of 1937 (42 U.S.C. 1437 et seq.) is amended by adding
23 at the end the following new section:

24 **“SEC. 26. ENVIRONMENTAL REVIEWS.**

25 “(a) IN GENERAL.—

1 “(1) RELEASE OF FUNDS.—In order to assure
2 that the policies of the National Environmental Pol-
3 icy Act of 1969 and other provisions of law which
4 further the purposes of such Act (as specified in reg-
5 ulations issued by the Secretary) are most effectively
6 implemented in connection with the expenditure of
7 funds under this title, and to assure to the public
8 undiminished protection of the environment, the Sec-
9 retary may, under such regulations, in lieu of the en-
10 vironmental protection procedures otherwise applica-
11 ble, provide for the release of funds for projects or
12 activities under this title, as specified by the Sec-
13 retary upon the request of a public housing agency
14 under this section, if the State or unit of general
15 local government, as designated by the Secretary in
16 accordance with regulations, assumes all of the re-
17 sponsibilities for environmental review, decisionmak-
18 ing, and action pursuant to such Act, and such other
19 provisions of law as the regulations of the Secretary
20 may specify, which would otherwise apply to the Sec-
21 retary with respect to the release of funds.

22 “(2) IMPLEMENTATION.—The Secretary, after
23 consultation with the Council on Environmental
24 Quality, shall issue such regulations as may be nec-

1 essary to carry out this section. Such regulations
2 shall specify the programs to be covered.

3 “(b) PROCEDURE.—The Secretary shall approve the
4 release of funds subject to the procedures authorized by
5 this section only if, not less than 15 days prior to such
6 approval and prior to any commitment of funds to such
7 projects or activities, the public housing agency has sub-
8 mitted to the Secretary a request for such release accom-
9 panied by a certification of the State or unit of general
10 local government which meets the requirements of sub-
11 section (c). The Secretary’s approval of any such certifi-
12 cation shall be deemed to satisfy the Secretary’s respon-
13 sibilities under the National Environmental Policy Act of
14 1969 and such other provisions of law as the regulations
15 of the Secretary specify insofar as those responsibilities
16 relate to the release of funds which are covered by such
17 certification.

18 “(c) CERTIFICATION.—A certification under the pro-
19 cedures authorized by this section shall—

20 “(1) be in a form acceptable to the Secretary;

21 “(2) be executed by the chief executive officer
22 or other officer of the State or unit of general local
23 government who qualifies under regulations of the
24 Secretary;

1 “(3) specify that the State or unit of general
2 local government under this section has fully carried
3 out its responsibilities as described under subsection
4 (a); and

5 “(4) specify that the certifying officer—

6 “(A) consents to assume the status of a re-
7 sponsible Federal official under the National
8 Environmental Policy Act of 1969 and agrees
9 to comply with each provision of law specified
10 in regulations issued by the Secretary insofar as
11 the provisions of such Act or other such provi-
12 sion of law apply pursuant to subsection (a);
13 and

14 “(B) is authorized and consents on behalf
15 of the State or unit of general local government
16 and himself or herself to accept the jurisdiction
17 of the Federal courts for the purpose of en-
18 forcement of his or her responsibilities as such
19 an official.

20 “(d) APPROVAL BY STATES.—In cases in which a
21 unit of general local government carries out the respon-
22 sibilities described in subsection (c), the Secretary may
23 permit the State to perform those actions of the Secretary
24 described in subsection (b) and the performance of such
25 actions by the State, where permitted by the Secretary,

1 shall be deemed to satisfy the Secretary's responsibilities
2 referred to in the second sentence of subsection (b).”.

3 (c) SPECIAL PROJECTS.—

4 (1) IN GENERAL.—

5 (A) RELEASE OF FUNDS.—In order to as-
6 sure that the policies of the National Environ-
7 mental Policy Act of 1969 and other provisions
8 of law which further the purposes of such Act
9 (as specified in regulations issued by the Sec-
10 retary) are most effectively implemented in con-
11 nection with the expenditure of funds for spe-
12 cial projects appropriated under an appropria-
13 tions Act for the Department of Housing and
14 Urban Development, such as special projects
15 under the head “Annual Contributions for As-
16 sisted Housing” in title II of the Departments
17 of Veterans Affairs and Housing and Urban
18 Development, and Independent Agencies Appro-
19 priations Act, 1993, and to assure to the public
20 undiminished protection of the environment, the
21 Secretary of Housing and Urban Development
22 may, under such regulations, in lieu of the envi-
23 ronmental protection procedures otherwise ap-
24 plicable, provide for the release of funds for
25 particular special projects upon the request of

1 recipients of special projects assistance, if the
2 State or unit of general local government, as
3 designated by the Secretary in accordance with
4 regulations, assumes all of the responsibilities
5 for environmental review, decisionmaking, and
6 action pursuant to such Act, and such other
7 provisions of law as the regulations of the Sec-
8 retary specify, that would otherwise apply to
9 the Secretary were the Secretary to undertake
10 such special projects as Federal projects.

11 (B) IMPLEMENTATION.—The Secretary
12 shall issue regulations to carry out this sub-
13 section only after consultation with the Council
14 on Environmental Quality. Such regulations
15 shall—

16 (i) provide for monitoring of the per-
17 formance of environmental reviews under
18 this subsection;

19 (ii) in the discretion of the Secretary,
20 provide for the provision or facilitation of
21 training for such performance; and

22 (iii) subject to the discretion of the
23 Secretary, provide for suspension or termi-
24 nation by the Secretary of the assumption
25 under subparagraph (A).

1 (C) RESPONSIBILITIES OF STATE OR UNIT
2 OF GENERAL LOCAL GOVERNMENT.—The Sec-
3 retary's duty under subparagraph (B) shall not
4 be construed to limit any responsibility assumed
5 by a State or unit of general local government
6 with respect to any particular release of funds
7 under subparagraph (A).

8 (2) PROCEDURE.—The Secretary shall approve
9 the release of funds for projects subject to the proce-
10 dures authorized by this subsection only if, not less
11 than 15 days prior to such approval and prior to any
12 commitment of funds to such projects, the recipient
13 submits to the Secretary a request for such release,
14 accompanied by a certification of the State or unit
15 of general local government which meets the require-
16 ments of paragraph (3). The Secretary's approval of
17 any such certification shall be deemed to satisfy the
18 Secretary's responsibilities under the National Envi-
19 ronmental Policy Act of 1969 and such other provi-
20 sions of law as the regulations of the Secretary
21 specify insofar as those responsibilities relate to the
22 releases of funds for special projects to be carried
23 out pursuant thereto which are covered by such cer-
24 tification.

1 (3) CERTIFICATION.—A certification under the
2 procedures authorized by this subsection shall—

3 (A) be in a form acceptable to the sec-
4 retary;

5 (B) be executed by the chief executive offi-
6 cer or other officer of the State or unit of gen-
7 eral local government who qualifies under regu-
8 lations of the Secretary;

9 (C) specify that the State or unit of gen-
10 eral local government under this subsection has
11 fully carried out its responsibilities as described
12 under paragraph (1); and

13 (D) specify that the certifying officer—

14 (i) consents to assume the status of a
15 responsible Federal official under the Na-
16 tional Environmental Policy Act of 1969
17 and agrees to comply with each provision
18 of law specified in regulations issued by
19 the Secretary insofar as the provisions of
20 such Act or other such provision of law
21 apply pursuant to paragraph (1); and

22 (ii) is authorized and consents on be-
23 half of the State or unit of general local
24 government and himself or herself to ac-
25 cept the jurisdiction of the Federal courts

1 for the purpose of enforcement of the re-
2 sponsibilities as such an official.

3 (4) APPROVAL BY STATES.—In cases in which
4 a unit of general local government carries out the re-
5 sponsibilities described in paragraph (1), the Sec-
6 retary may permit the State to perform those ac-
7 tions of the Secretary described in paragraph (2)
8 and the performance of such actions by the State,
9 where permitted by the Secretary, shall be deemed
10 to satisfy the Secretary's responsibilities referred to
11 in the second sentence of paragraph (2).

12 **SEC. 306. CONTRACT RENEWAL FOR SECTION 23 CONVER-**
13 **SION PROJECTS.**

14 (a) IN GENERAL.—Leased housing contracts under
15 section 23 of the United States Housing Act of 1937, as
16 such section existed before the date of enactment of the
17 Housing and Community Development Act of 1974,
18 that—

19 (1) were converted to section 8 contracts on
20 terms similar to or the same as the terms of the sec-
21 tion 8 new construction program, and

22 (2) expire during fiscal year 1994 or 1995,
23 shall be extended for a period not to exceed 5 years as
24 if the rents on such projects were established under the
25 section 8 new construction program, except that section

1 8(c)(2)(C) of the United States Housing Act of 1937 shall
2 not apply to such contracts.

3 (b) BUDGET COMPLIANCE.—To the extent that sub-
4 section (a) results in additional costs under this section,
5 such paragraph shall be effective only to the extent that
6 amounts to cover such additional costs are provided in ad-
7 vance in appropriation Acts.

8 **SEC. 307. CORRECTION OF FHA MULTIFAMILY MORTGAGE**
9 **LIMITS.**

10 The National Housing Act (12 U.S.C. 1701 et seq.)
11 is amended in sections 207(c)(3), 213(b)(2),
12 220(d)(3)(B)(iii), and 234(e)(3) by striking “\$59,160”
13 each place it appears and inserting “\$56,160”.

14 **SEC. 308. AMENDMENTS TO FHA MULTIFAMILY RISK-SHAR-**
15 **ING AND HOUSING FINANCE AGENCY PILOT**
16 **PROGRAMS.**

17 (a) RISK-SHARING PILOT PROGRAM.—Section
18 542(b) of the Housing and Community Development Act
19 of 1992 (12 U.S.C. 1707 note) is amended—

20 (1) by striking paragraphs (1) and (2) and in-
21 serting the following new paragraphs:

22 “(1) IN GENERAL.—The Secretary shall carry
23 out a pilot program in conjunction with qualified
24 participating entities to determine the effectiveness
25 of Federal credit enhancement for loans for afford-

1 able multifamily housing through a system of risk-
2 sharing agreements with such entities.

3 “(2) PROGRAM REQUIREMENTS.—

4 “(A) IN GENERAL.—In carrying out the
5 pilot program under this subsection, the Sec-
6 retary shall enter into risk-sharing agreements
7 with qualified participating entities.

8 “(B) MORTGAGE INSURANCE AND REIN-
9 SURANCE.—Agreements under subparagraph
10 (A) may provide for (i) insurance through the
11 Federal Housing Administration of loans for af-
12 fordable multifamily housing originated by or
13 through, or purchased by, qualified participat-
14 ing entities, and (ii) reinsurance, including rein-
15 surance of pools of loans, on affordable multi-
16 family housing. In entering into risk-sharing
17 agreements under this subsection covering
18 mortgages, the Secretary may give preference to
19 mortgages that are not already in the portfolios
20 of qualified participating entities.

21 “(C) RISK APPORTIONMENT.—Agreements
22 entered into under this subsection between the
23 Secretary and a qualified participating entity
24 shall specify the percentage of loss that each of
25 the parties to the agreement will assume in the

1 event of default of the insured or reinsured
2 multifamily mortgage. Such agreements shall
3 specify that the qualified participating entity
4 and the Secretary shall share any loss in ac-
5 cordance with the risk-sharing agreement.

6 “(D) REIMBURSEMENT CAPACITY.—Agree-
7 ments entered into under this subsection be-
8 tween the Secretary and a qualified participat-
9 ing entity shall provide evidence acceptable to
10 the Secretary of the capacity of such entity to
11 fulfill any reimbursement obligations made pur-
12 suant to this subsection. Evidence of such ca-
13 pacity which may be considered by the Sec-
14 retary may include—

15 “(i) a pledge of the full faith and
16 credit of a qualified participating entity to
17 fulfill any obligations entered into by the
18 entity;

19 “(ii) reserves pledged or otherwise re-
20 stricted by the qualified participating en-
21 tity in an amount equal to an agreed upon
22 percentage of the loss assumed by the en-
23 tity under subparagraph (C);

24 “(iii) funds pledged through a State
25 or local guarantee fund; or

1 “(iv) any other form of evidence mu-
2 tually agreed upon by the Secretary and
3 the qualified participating entity.

4 “(E) UNDERWRITING STANDARDS.—The
5 Secretary shall allow any qualified participating
6 entity to use its own underwriting standards
7 and loan terms and conditions for purposes of
8 underwriting loans to be insured under this
9 subsection, except as provided in this section,
10 without further review by the Secretary, except
11 that the Secretary may impose additional un-
12 derwriting criteria and loan terms and condi-
13 tions for contractual agreements where the Sec-
14 retary retains more than 50 percent of the risk
15 of loss. Any financing permitted on property in-
16 sured under this subsection other than the first
17 mortgage shall be expressly subordinate to the
18 insured mortgage.

19 “(F) AUTHORITY OF SECRETARY.—The
20 Secretary, upon request of a qualified partici-
21 pating entity, may insure or reinsure and make
22 commitments to insure or reinsure under this
23 section any mortgage, advance, loan, or pool of
24 mortgages otherwise eligible under this section,
25 pursuant to a risk-sharing agreement providing

1 that the qualified participating entity will carry
2 out (under a delegation or otherwise, and with
3 or without compensation, but subject to audit,
4 exception, or review requirements) such credit
5 approval, appraisal, inspection, issuance of com-
6 mitments, approval of insurance of advances,
7 cost certification, servicing, property disposi-
8 tion, or other functions as the Secretary shall
9 approve as consistent with the purpose of this
10 section. All appraisals of property for mortgage
11 insurance under this section shall be completed
12 by a Certified General Appraiser in accordance
13 with the Uniform Standards of Professional Ap-
14 praisal Practice.

15 “(G) DISCLOSURE OF RECORDS.—Quali-
16 fied participating entities shall make available
17 to the Secretary or the Secretary’s designee, at
18 the Secretary’s request, such financial and
19 other records as the Secretary deems necessary
20 for purposes of review and monitoring for the
21 program under this section.

22 “(H) INELIGIBILITY OF HOUSING FOR
23 TRANSIENT OR HOTEL PURPOSES.—Notwith-
24 standing any other provision of this section, no
25 new, existing, or rehabilitated multifamily hous-

1 ing with respect to which a mortgage is insured
2 or reinsured under this subsection shall be op-
3 erated for transient or hotel purposes. For pur-
4 poses of this paragraph, the term ‘rental for
5 transient or hotel purposes’ shall have such
6 meaning as prescribed by the Secretary, except
7 that rental for any period less than 30 days
8 shall constitute rental for such purposes.”;

9 (2) in paragraph (4), by striking “financial in-
10 stitutions and entities to be eligible to enter into re-
11 insurance agreements” and inserting “eligibility
12 under this subsection of qualified participating enti-
13 ties”;

14 (3) in the first sentence of paragraph (5), by
15 striking “1993 and 1994” and inserting “1995 and
16 1996”;

17 (4) by striking paragraph (8) and inserting the
18 following new paragraph:

19 “(11) IMPLEMENTATION.—The Secretary shall
20 take any administrative actions necessary to initiate
21 the pilot program under this subsection.”; and

22 (5) by inserting after paragraph (7) the follow-
23 ing new paragraphs:

24 “(8) PROHIBITION ON GINNIE MAE
25 SECURITIZATION.—The Government National Mort-

1 gage Association shall not securitize any multifamily
2 loans insured or reinsured under this subsection.

3 “(9) QUALIFICATION AS AFFORDABLE HOUS-
4 ING.—Multifamily housing securing loans insured or
5 reinsured under this subsection shall qualify as af-
6 fordable only if the housing is occupied by families
7 and bears rents not greater than the gross rent for
8 rent-restricted residential units as determined under
9 section 42(g) of the Internal Revenue Code of 1986.

10 “(10) CERTIFICATION OF SUBSIDY LAYERING
11 COMPLIANCE.—In the case of projects allocated a
12 low-income housing tax credit pursuant to section 42
13 of the Internal Revenue Code of 1986, the require-
14 ments of section 102(d) of the Department of Hous-
15 ing and Urban Development Reform Act of 1989
16 may be satisfied in connection with a commitment to
17 insure a mortgage under this subsection by a certifi-
18 cation by a housing credit agency (including an en-
19 tity established by a State that provides mortgage
20 insurance) to the Secretary that the combination of
21 assistance within the jurisdiction of the Secretary
22 and other government assistance provided in connec-
23 tion with a property for which a mortgage is to be
24 insured shall not be any greater than is necessary to
25 provide affordable housing.”.

1 (b) HOUSING FINANCE AGENCY PILOT PROGRAM.—
2 Section 542(c) of the Housing and Community Develop-
3 ment Act of 1992 (12 U.S.C. 1707 note) is amended—

4 (1) in paragraph (1), by inserting after “quali-
5 fied housing finance agencies” the following: “(in-
6 cluding entities established by States that provide
7 mortgage insurance)”;

8 (2) in paragraph (2)—

9 (A) in subparagraph (C), by striking the
10 last sentence and inserting the following: “Such
11 agreements shall specify that the qualified
12 housing finance agency and the Secretary shall
13 share any loss in accordance with the risk-shar-
14 ing agreement.”; and

15 (B) by adding at the end the following new
16 subparagraph:

17 “(F) DISCLOSURE OF RECORDS.—Quali-
18 fied housing finance agencies shall make avail-
19 able to the Secretary such financial and other
20 records as the Secretary deems necessary for
21 program review and monitoring purposes.”;

22 (3) in paragraph (7)—

23 (A) by striking “very low-income”; and

24 (B) by striking “(2)”; and

1 (4) by adding at the end the following new
2 paragraphs:

3 “(9) ENVIRONMENTAL AND OTHER REVIEWS.—

4 “(A) ENVIRONMENTAL REVIEWS.—

5 “(i) IN GENERAL.—(I) In order to as-
6 sure that the policies of the National Envi-
7 ronmental Policy Act of 1969 and other
8 provisions of law which further the pur-
9 poses of such Act (as specified in regula-
10 tions issued by the Secretary) are most ef-
11 fectively implemented in connection with
12 the insurance of mortgages under sub-
13 section (c)(2), and to assure to the public
14 undiminished protection of the environ-
15 ment, the Secretary may, under such regu-
16 lations, in lieu of the environmental protec-
17 tion procedures otherwise applicable, pro-
18 vide for agreements to endorse for insur-
19 ance mortgages under subsection (c)(2)
20 upon the request of qualified housing fi-
21 nance agencies under this subsection, if the
22 State or unit of general local government,
23 as designated by the Secretary in accord-
24 ance with regulations, assumes all of the
25 responsibilities for environmental review,

1 decisionmaking, and action pursuant to
2 such Act, and such other provisions of law
3 as the regulations of the Secretary may
4 specify, that would otherwise apply to the
5 Secretary with respect to the insurance of
6 mortgages on particular properties.

7 “(II) The Secretary shall issue regula-
8 tions to carry out this subparagraph only
9 after consultation with the Council on En-
10 vironmental Quality. Such regulations
11 shall, among other matters, provide—

12 “(aa) for the monitoring of the
13 performance of environmental reviews
14 under this subparagraph;

15 “(bb) subject to the discretion of
16 the Secretary, for the provision or fa-
17 cilitation of training for such perform-
18 ance; and

19 “(cc) subject to the discretion of
20 the Secretary, for the suspension or
21 termination by the Secretary of the
22 qualified housing finance agency’s re-
23 sponsibilities under subclause (I).

24 “(III) The Secretary’s duty under
25 subclause (II) shall not be construed to

1 limit any responsibility assumed by a State
2 or unit of general local government with
3 respect to any particular property under
4 subclause (I).

5 “(ii) PROCEDURE.—The Secretary
6 shall approve a mortgage for the provision
7 of mortgage insurance subject to the proce-
8 dures authorized by this paragraph only if,
9 not less than 15 days prior to such ap-
10 proval, prior to any approval, commitment,
11 or endorsement of mortgage insurance on
12 the property on behalf of the Secretary,
13 and prior to any commitment by the quali-
14 fied housing finance agency to provide fi-
15 nancing under the risk-sharing agreement
16 with respect to the property, the qualified
17 housing finance agency submits to the Sec-
18 retary a request for such approval, accom-
19 panied by a certification of the State or
20 unit of general local government that
21 meets the requirements of clause (iii). The
22 Secretary’s approval of any such certifi-
23 cation shall be deemed to satisfy the Sec-
24 retary’s responsibilities under the National
25 Environmental Policy Act of 1969 and

1 such other provisions of law as the regula-
2 tions of the Secretary specify insofar as
3 those responsibilities relate to the provision
4 of mortgage insurance on the property that
5 is covered by such certification.

6 “(iii) CERTIFICATION.—A certification
7 under the procedures authorized by this
8 paragraph shall—

9 “(I) be in a form acceptable to
10 the Secretary;

11 “(II) be executed by the chief ex-
12 ecutive officer or other officer of the
13 State or unit of general local govern-
14 ment who qualifies under regulations
15 of the Secretary;

16 “(III) specify that the State or
17 unit of general local government
18 under this section has fully carried
19 out its responsibilities as described
20 under clause (i); and

21 “(IV) specify that the certifying
22 officer consents to assume the status
23 of a responsible Federal official under
24 the National Environmental Policy
25 Act of 1969 and under each provision

1 of law specified in regulations issued
2 by the Secretary insofar as the provi-
3 sions of such Act or such other provi-
4 sions of law apply pursuant to clause
5 (i), and is authorized and consents on
6 behalf of the State or unit of general
7 local government and himself or her-
8 self to accept the jurisdiction of the
9 Federal courts for the purpose of en-
10 forcement of the responsibilities as
11 such an official.

12 “(iv) APPROVAL BY STATES.—In
13 cases in which a unit of general local gov-
14 ernment carries out the responsibilities de-
15 scribed in clause (i), the Secretary may
16 permit the State to perform those actions
17 of the Secretary described in clause (ii)
18 and the performance of such actions by the
19 State, where permitted by the Secretary,
20 shall be deemed to satisfy the Secretary’s
21 responsibilities referred to in the second
22 sentence of clause (ii).

23 “(B) LEAD-BASED PAINT POISONING PRE-
24 VENTION.—In carrying out the requirements of
25 section 302 of the Lead-Based Paint Poisoning

1 Prevention Act, the Secretary may provide by
2 regulation for the assumption of all or part of
3 the Secretary's duties under such Act by quali-
4 fied housing finance agencies, for purposes of
5 this section.

6 “(C) CERTIFICATION OF SUBSIDY
7 LAYERING COMPLIANCE.—The requirements of
8 section 102(d) of the Department of Housing
9 and Urban Development Reform Act of 1989
10 may be satisfied in connection with a commit-
11 ment to insure a mortgage under this sub-
12 section by a certification by a housing credit
13 agency (including an entity established by a
14 State that provides mortgage insurance) to the
15 Secretary that the combination of assistance
16 within the jurisdiction of the Secretary and
17 other government assistance provided in connec-
18 tion with a property for which a mortgage is to
19 be insured shall not be any greater than is nec-
20 essary to provide affordable housing.

21 “(10) DEFINITIONS.—For purposes of this sub-
22 section, the following definitions shall apply:

23 “(A) MORTGAGE.—The term ‘mortgage’
24 means a first mortgage on real estate that is—

25 “(i) owned in fee simple; or

1 “(ii) subject to a leasehold interest
2 that—

3 “(I) has a term of not less than
4 99 years and is renewable; or

5 “(II) has a remaining term that
6 extends beyond the maturity of the
7 mortgage for a period of not less than
8 10 years.

9 “(B) FIRST MORTGAGE.—The term ‘first
10 mortgage’ means a single first lien given to se-
11 cure advances on, or the unpaid purchase price
12 of, real estate, under the laws of the State in
13 which the real estate is located, together with
14 the credit instrument, if any, secured thereby.
15 Any other financing permitted on property in-
16 sured under this section must be expressly sub-
17 ordinate to the insured mortgage.

18 “(C) UNIT OF GENERAL LOCAL GOVERN-
19 MENT; STATE.—The terms ‘unit of general local
20 government’ and ‘State’ have the same mean-
21 ings as in section 102(a) of the Housing and
22 Community Development Act of 1974.”.

23 (c) DEFINITION OF “MULTIFAMILY HOUSING”.—
24 Section 544(1) of the Housing and Community Develop-

1 ment Act of 1992 (12 U.S.C. 1707 note) is amended to
2 read as follows:

3 “(1) The term ‘multifamily housing’ means
4 housing accommodations on the mortgaged property
5 that are designed principally for residential use, con-
6 form to standards satisfactory to the Secretary, and
7 consist of not less than 5 rental units on 1 site.
8 These units may be detached, semidetached, row
9 house, or multifamily structures.”.

10 **SEC. 309. SUBSIDY LAYERING REVIEW.**

11 Section 911 of the Housing and Community Develop-
12 ment Act of 1992 (42 U.S.C. 3545 note) is amended—

13 (1) by striking subsection (a) and inserting the
14 following new subsection:

15 “(a) CERTIFICATION OF SUBSIDY LAYERING COM-
16 PLIANCE.—The requirements of section 102(d) of the De-
17 partment of Housing and Urban Development Reform Act
18 of 1989 may be satisfied in connection with a project re-
19 ceiving assistance under a program that is within the ju-
20 risdiction of the Department of Housing and Urban Devel-
21 opment and under section 42 of the Internal Revenue
22 Code of 1986 by a certification by a housing credit agency
23 to the Secretary, submitted in accordance with guidelines
24 established by the Secretary, that the combination of as-
25 sistance within the jurisdiction of the Secretary and other

1 government assistance provided in connection with a prop-
 2 erty for which assistance is to be provided within the juris-
 3 diction of the Department of Housing and Urban Develop-
 4 ment and under section 42 of the Internal Revenue Code
 5 of 1986 shall not be any greater than is necessary to pro-
 6 vide affordable housing.”; and

7 (2) by striking subsection (c) and inserting the
 8 following new subsection:

9 “(c) REVOCATION BY SECRETARY.—If the Secretary
 10 determines that a housing credit agency has failed to com-
 11 ply with the guidelines established under subsection (a),
 12 the Secretary—

13 “(1) may inform the housing credit agency that
 14 the agency may no longer submit certification of
 15 subsidy layering compliance under this section; and

16 “(2) shall carry out section 102(d) of the Hous-
 17 ing and Urban Development Reform Act relating to
 18 affected projects allocated a low-income housing tax
 19 credit pursuant to section 42 of the Internal Reve-
 20 nue Code of 1986.”.

○

HR 4067 IH—2

HR 4067 IH—3

HR 4067 IH—4

HR 4067 IH—5

HR 4067 IH——6

HR 4067 IH——7